

City of Marquette, Michigan
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2006

	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total
ASSETS				
Cash and cash equivalents	\$ 76,899	\$ 64,028	\$ 547,892	\$ 688,819
Accounts receivable, net	5,152	-	425	5,577
Due from other governments	70,568	-	-	70,568
Prepaid expenses	2,667	-	-	2,667
TOTAL ASSETS	<u>\$ 155,286</u>	<u>\$ 64,028</u>	<u>\$ 548,317</u>	<u>\$ 767,631</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ 12,023	\$ -	\$ -	\$ 12,023
Due to other funds	53,673	-	-	53,673
TOTAL LIABILITIES	<u>65,696</u>	<u>-</u>	<u>-</u>	<u>65,696</u>
FUND BALANCE:				
Reserved for:				
Capital Outlay	35,036	-	-	35,036
Other	-	64,028	548,317	612,345
Unreserved, reported in:				
Special revenue funds	54,554	-	-	54,554
TOTAL FUND BALANCE	<u>89,590</u>	<u>64,028</u>	<u>548,317</u>	<u>701,935</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 155,286</u>	<u>\$ 64,028</u>	<u>\$ 548,317</u>	<u>\$ 767,631</u>

City of Marquette, Michigan

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2006

	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total
REVENUES:				
State and Federal sources	\$ 99,455	\$ -	\$ -	\$ 99,455
Charges for services	10,360	-	21,628	31,988
Sales	145,654	-	-	145,654
Admission and usage	366,799	-	-	366,799
Rentals	92,073	-	-	92,073
Investment income	580	-	19,713	20,293
Other	68,076	-	-	68,076
TOTAL REVENUES	782,997	-	41,341	824,338
EXPENDITURES:				
Current operations:				
General government	-	-	1,854	1,854
Public health and safety	7,020	-	-	7,020
Community development	173,016	-	-	173,016
Recreation and culture	877,292	-	-	877,292
Debt service				
Professional and contractual	-	209,984	-	209,984
Retirement of principal	-	512,873	-	512,873
Interest and fiscal charges	-	565,278	-	565,278
TOTAL EXPENDITURES	1,057,328	1,288,135	1,854	2,347,317
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(274,331)	(1,288,135)	39,487	(1,522,979)
OTHER FINANCING SOURCES (USES):				
Transfers in	289,093	1,352,163	-	1,641,256
Transfers (out)	-	-	(19,807)	(19,807)
TOTAL OTHER FINANCING SOURCES (USES)	289,093	1,352,163	(19,807)	1,621,449
CHANGE IN FUND BALANCE	14,762	64,028	19,680	98,470
Fund balance, beginning of year	74,828	-	528,637	603,465
FUND BALANCE, END OF YEAR	\$ 89,590	\$ 64,028	\$ 548,317	\$ 701,935

City of Marquette, Michigan
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2006

	Environmental Protection Fund	Criminal Justice Training Fund	MSHDA Downtown Rental Fund	MSHDA Homeowner Repair Fund	Lakeview Arena Fund	Total
ASSETS						
Cash and cash equivalents	\$ 14,084	\$ 15,909	\$ -	\$ 12	\$ 46,894	\$ 76,899
Accounts receivable, net	-	-	-	-	5,152	5,152
Due from other governments	52,857	-	17,711	-	-	70,568
Prepaid expenses	-	-	8	-	2,659	2,667
TOTAL ASSETS	\$ 66,941	\$ 15,909	\$ 17,719	\$ 12	\$ 54,705	\$ 155,286
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	\$ -	\$ 258	\$ 179	\$ -	\$ 11,586	\$ 12,023
Due to other funds	53,673	-	-	-	-	53,673
TOTAL LIABILITIES	53,673	258	179	-	11,586	65,696
FUND BALANCE:						
Reserved for:						
Capital Outlay	-	-	-	-	35,036	35,036
Unreserved	13,268	15,651	17,540	12	8,083	54,554
TOTAL FUND BALANCE	13,268	15,651	17,540	12	43,119	89,590
TOTAL LIABILITIES AND FUND BALANCE	\$ 66,941	\$ 15,909	\$ 17,719	\$ 12	\$ 54,705	\$ 155,286

City of Marquette, Michigan

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2006

	Environmental Protection Fund	Criminal Justice Training Fund	MSHDA Downtown Rental Fund	MSHDA Homeowner Repair Fund	Lakeview Arena Fund	Total
REVENUES:						
Federal and State sources	\$ -	\$ 8,083	\$ 84,302	\$ 7,070	\$ -	\$ 99,455
Charges for services	-	-	-	-	10,360	10,360
Sales	-	-	-	-	145,654	145,654
Admission and usage	-	-	-	-	366,799	366,799
Rentals	-	-	-	-	92,073	92,073
Investment income	-	580	-	-	-	580
Other	-	-	54,303	12,997	776	68,076
TOTAL REVENUES	-	8,663	138,605	20,067	615,662	782,997
EXPENDITURES:						
Current operations:						
Public health and safety	-	7,020	-	-	-	7,020
Community development	-	-	152,961	20,055	-	173,016
Recreation and culture	-	-	-	-	877,292	877,292
TOTAL EXPENDITURES	-	7,020	152,961	20,055	877,292	1,057,328
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,643	(14,356)	12	(261,630)	(274,331)
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	-	-	27,463	-	261,630	289,093
TOTAL OTHER FINANCING SOURCES	-	-	27,463	-	261,630	289,093
CHANGES IN FUND BALANCE	-	1,643	13,107	12	-	14,762
Fund balance, beginning of year	13,268	14,008	4,433	-	43,119	74,828
FUND BALANCE, END OF YEAR	\$ 13,268	\$ 15,651	\$ 17,540	\$ 12	\$ 43,119	\$ 89,590

City of Marquette, Michigan
ENVIRONMENTAL PROTECTION FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 14,084	\$ -
Due from State	<u>52,857</u>	<u>66,941</u>
TOTAL ASSETS	<u><u>\$ 66,941</u></u>	<u><u>\$ 66,941</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	<u>\$ 53,673</u>	<u>\$ 53,673</u>
TOTAL LIABILITIES	<u>53,673</u>	<u>53,673</u>
Fund Balance	<u>13,268</u>	<u>13,268</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 66,941</u></u>	<u><u>\$ 66,941</u></u>

City of Marquette, Michigan

ENVIRONMENTAL PROTECTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006			2005
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Private sources	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Public Health and Safety:				
Professional and contractual services	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	13,268	13,268	-	13,268
FUND BALANCE, END OF YEAR	<u>\$ 13,268</u>	<u>\$ 13,268</u>	<u>\$ -</u>	<u>\$ 13,268</u>

City of Marquette, Michigan
CRIMINAL JUSTICE TRAINING FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	<u>\$ 15,909</u>	<u>\$ 14,556</u>
TOTAL ASSETS	<u><u>\$ 15,909</u></u>	<u><u>\$ 14,556</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 258</u>	<u>\$ 548</u>
TOTAL LIABILITIES	<u>258</u>	<u>548</u>
Fund Balance	<u>15,651</u>	<u>14,008</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 15,909</u></u>	<u><u>\$ 14,556</u></u>

City of Marquette, Michigan

CRIMINAL JUSTICE TRAINING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006			2005
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ 8,000	\$ 8,083	\$ 83	\$ 7,790
Investment income	500	580	80	423
TOTAL REVENUES	<u>8,500</u>	<u>8,663</u>	<u>163</u>	<u>8,213</u>
EXPENDITURES:				
Public Health and Safety:				
Training	<u>8,500</u>	<u>7,020</u>	<u>1,480</u>	<u>8,315</u>
TOTAL EXPENDITURES	<u>8,500</u>	<u>7,020</u>	<u>1,480</u>	<u>8,315</u>
CHANGE IN FUND BALANCE	-	1,643	1,643	(102)
Fund balance, beginning of year	<u>14,008</u>	<u>14,008</u>	-	<u>14,110</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 14,008</u></u>	<u><u>\$ 15,651</u></u>	<u><u>\$ 1,643</u></u>	<u><u>\$ 14,008</u></u>

City of Marquette, Michigan
MSHDA DOWNTOWN RENTAL FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ -	\$ 6,856
Due from other governments	17,711	17,711
Prepaid expenses	<u>8</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 17,719</u>	<u>\$ 24,567</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ 17,233
Accounts payable	<u>179</u>	<u>2,901</u>
TOTAL LIABILITIES	<u>179</u>	<u>20,134</u>
 Fund Balance:		
Unreserved	<u>17,540</u>	<u>4,433</u>
TOTAL FUND BALANCE	<u>17,540</u>	<u>4,433</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 17,719</u>	<u>\$ 24,567</u>

City of Marquette, Michigan

MSHDA DOWNTOWN RENTAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006			2005
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ 154,710	\$ 84,302	\$ (70,408)	\$ -
Other	42,300	54,303	12,003	1,684
TOTAL REVENUES	197,010	138,605	(58,405)	1,684
EXPENDITURES:				
Community Development:				
Salaries and wages	35,724	26,699	9,025	17,382
Fringe benefits	22,554	14,636	7,918	1,681
Other services and charges	138,732	111,626	27,106	68,005
TOTAL EXPENDITURES	197,010	152,961	44,049	87,068
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(14,356)	(14,356)	(85,384)
OTHER FINANCING (USES):				
Transfers In	-	27,463	27,463	(3,000)
TOTAL OTHER FINANCING (USES)	-	27,463	27,463	(3,000)
CHANGE IN FUND BALANCE	-	13,107	13,107	(88,384)
Fund balance, beginning of year	4,433	4,433	-	92,817
FUND BALANCE, END OF YEAR	\$ 4,433	\$ 17,540	\$ 13,107	\$ 4,433

City of Marquette, Michigan
MSHDA HOMEOWNER REPAIR FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

ASSETS	<u>2006</u>	<u>2005</u>
Cash	\$ 12	\$ -
Due from other funds	-	31,330
Due from other governments	-	16,508
Prepaid expenditures	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 12</u></u>	<u><u>\$ 47,838</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Cash overdraft	\$ -	\$ 42,754
Accounts payable	<u>-</u>	<u>5,084</u>
TOTAL LIABILITIES	<u>-</u>	<u>47,838</u>
 Fund Balance:		
Unreserved	<u>12</u>	<u>-</u>
TOTAL FUND BALANCE	<u>12</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 12</u></u>	<u><u>\$ 47,838</u></u>

City of Marquette, Michigan

MSHDA HOMEOWNER REPAIR FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		2005	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ 7,070	\$ 7,070	\$ -	\$ 70,985
Investment income	-	-	-	-
Other	8,949	12,997	4,048	10,439
TOTAL REVENUES	<u>16,019</u>	<u>20,067</u>	<u>4,048</u>	<u>81,424</u>
EXPENDITURES:				
Community Development:				
Salaries and wages	-	-	-	10,373
Fringe benefits	-	-	-	19,511
Other services and charges	16,019	20,055	(4,036)	90,265
TOTAL EXPENDITURES	<u>16,019</u>	<u>20,055</u>	<u>(4,036)</u>	<u>120,149</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>12</u>	<u>12</u>	<u>(38,725)</u>
OTHER FINANCING SOURCES:				
Transfers In - General Fund	-	-	-	31,330
Transfers In - MSHDA Downtown Rental Fund	-	-	-	3,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,330</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>12</u>	<u>12</u>	<u>(4,395)</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,395</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 12</u></u>	<u><u>\$ 12</u></u>	<u><u>\$ -</u></u>

City of Marquette, Michigan
LAKEVIEW ARENA FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 46,894	\$ 24,036
Accounts receivable	5,152	36,617
Prepaid expenses	<u>2,659</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 54,705</u></u>	<u><u>\$ 60,653</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 11,586</u>	<u>\$ 17,534</u>
TOTAL LIABILITIES	<u>11,586</u>	<u>17,534</u>
 Fund Balance:		
Reserved for capital outlay	35,036	30,036
Reserved for workers' compensation	-	2,597
Unreserved	<u>8,083</u>	<u>10,486</u>
TOTAL FUND BALANCE	<u>43,119</u>	<u>43,119</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 54,705</u></u>	<u><u>\$ 60,653</u></u>

City of Marquette, Michigan

LAKEVIEW ARENA FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006			2005
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 9,883	\$ 10,360	\$ 477	\$ 5,425
Sales	154,500	145,654	(8,846)	140,391
Use and Admission Fees:				
Ice arena use	340,000	332,234	(7,766)	390,136
Arena events	25,900	34,565	8,665	2,366
Total Use and Admission Fees	365,900	366,799	899	392,502
Rentals	66,750	92,073	25,323	86,986
Other	1,000	776	(224)	743
TOTAL REVENUES	598,033	615,662	17,629	626,047
EXPENDITURES:				
Recreation and Culture:				
Personnel services	369,861	400,964	(31,103)	369,123
Supplies	100,000	102,922	(2,922)	104,183
Other services and charges	395,918	373,406	22,512	357,751
Total Recreation and Culture	865,779	877,292	(11,513)	831,057
Capital Outlay:				
Equipment	5,000	-	5,000	64,515
Total Capital Outlay	5,000	-	5,000	64,515
TOTAL EXPENDITURES	870,779	877,292	(6,513)	895,572
EXCESS OF REVENUES (UNDER) EXPENDITURES	(272,746)	(261,630)	11,116	(269,525)
OTHER FINANCING SOURCES (USES)				
Transfers in- General Fund	272,746	261,630	(11,116)	242,281
TOTAL OTHER FINANCING SOURCES (USES)	272,746	261,630	(11,116)	242,281
CHANGE IN FUND BALANCE	-	-	-	(27,244)
Fund balance, beginning of year	43,119	43,119	-	70,363
FUND BALANCE, END OF YEAR	\$ 43,119	\$ 43,119	\$ -	\$ 43,119

City of Marquette, Michigan
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET

June 30, 2006

	1998 Municipal Center Fund	1998 Lakeview Arena Fund	2003 Founders Landing Fund	2004 Spring Street Fund	Forest Land Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 64,028	\$ 64,028
Investments	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,028</u>	<u>\$ 64,028</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:						
Reserved for:						
Retirement of debt	-	-	-	-	64,028	64,028
Other	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,028</u>	<u>64,028</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,028</u>	<u>\$ 64,028</u>

City of Marquette, Michigan

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2006

	1998 Municipal Service Center Fund	1998 Arena Debt Service Fund	2003 Founders Landing Fund	2004 Spring Street Fund	Forestland Fund	Total
REVENUES:						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES:						
Debt service						
Professional and contractual	-	-	-	-	209,984	209,984
Principal retirement	175,000	105,000	150,000	82,873	-	512,873
Interest and fiscal charges	206,113	16,975	147,204	-	194,986	565,278
TOTAL EXPENDITURES	381,113	121,975	297,204	82,873	404,970	1,288,135
EXCESS OF REVENUES (UNDER) EXPENDITURES	(381,113)	(121,975)	(297,204)	(82,873)	(404,970)	(1,288,135)
OTHER FINANCING SOURCES:						
Transfers in	381,113	121,975	297,204	82,873	468,998	1,352,163
TOTAL OTHER FINANCING SOURCES	381,113	121,975	297,204	82,873	468,998	1,352,163
CHANGES IN FUND BALANCE	-	-	-	-	64,028	64,028
Fund balance, beginning of year	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 64,028	\$ 64,028

City of Marquette, Michigan

1998 BUILDING AUTHORITY MUNICIPAL SERVICE CENTER - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		2005	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Principal	175,000	175,000	-	165,000
Interest and fiscal charges	<u>206,115</u>	<u>206,113</u>	<u>2</u>	<u>213,208</u>
TOTAL EXPENDITURES	<u>381,115</u>	<u>381,113</u>	<u>2</u>	<u>378,208</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(381,115)</u>	<u>(381,113)</u>	<u>2</u>	<u>(378,208)</u>
OTHER FINANCING SOURCES:				
Transfers in:				
Municipal Service Center Fund	<u>381,115</u>	<u>381,113</u>	<u>(2)</u>	<u>378,208</u>
TOTAL OTHER FINANCING SOURCES	<u>381,115</u>	<u>381,113</u>	<u>(2)</u>	<u>378,208</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Marquette, Michigan

1998 BUILDING AUTHORITY LAKEVIEW ARENA - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006			2005
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Principal	105,000	105,000	-	105,000
Interest and fiscal charges	16,975	16,975	-	22,487
TOTAL EXPENDITURES	<u>121,975</u>	<u>121,975</u>	<u>-</u>	<u>127,487</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(121,975)</u>	<u>(121,975)</u>	<u>-</u>	<u>(127,487)</u>
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	121,975	121,975	-	127,487
TOTAL OTHER FINANCING SOURCES	<u>121,975</u>	<u>121,975</u>	<u>-</u>	<u>127,487</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Marquette, Michigan

2003 FOUNDERS LANDING - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006			2005
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Bond redemption	269,522	-		-
Principal	150,000	150,000	-	135,000
Interest and fiscal charges	147,205	147,204	1	165,727
TOTAL EXPENDITURES	<u>566,727</u>	<u>297,204</u>	<u>1</u>	<u>300,727</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(566,727)</u>	<u>(297,204)</u>	<u>1</u>	<u>(300,727)</u>
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	566,727	297,204	(269,523)	300,727
TOTAL OTHER FINANCING SOURCES	<u>566,727</u>	<u>297,204</u>	<u>(269,523)</u>	<u>300,727</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(269,522)</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (269,522)</u>	<u>\$ -</u>

City of Marquette, Michigan

2004 SPRING STREET - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		2005	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal	82,874	82,873	1	82,873
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	82,874	82,873	1	82,873
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,874)	(82,873)	1	(82,873)
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	82,874	82,873	(1)	82,873
TOTAL OTHER FINANCING SOURCES	82,874	82,873	(1)	82,873
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

City of Marquette, Michigan
FORESTLAND - DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
 June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	<u>\$ 64,028</u>	<u>\$ -</u>
TOTAL ASSETS	<u><u>\$ 64,028</u></u>	<u><u>\$ -</u></u>
 FUND BALANCE		
Fund Balance:		
Reserved for Debt Service	<u>\$ 64,028</u>	<u>\$ -</u>
TOTAL FUND BALANCE	<u><u>\$ 64,028</u></u>	<u><u>\$ -</u></u>

City of Marquette, Michigan

FORESTLAND - DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		Variance with Final Budget Positive (Negative)	2005 Actual GAAP Basis
	Final Budget	Actual GAAP Basis		
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Professional and contractual	-	209,984	(209,984)	
Principal	140,000	-	140,000	-
Interest and fiscal charges	300,000	194,986	105,014	-
TOTAL EXPENDITURES	<u>440,000</u>	<u>404,970</u>	<u>35,030</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(440,000)</u>	<u>(404,970)</u>	<u>35,030</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	440,000	468,998	28,998	-
TOTAL OTHER FINANCING SOURCES	<u>440,000</u>	<u>468,998</u>	<u>28,998</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>64,028</u>	<u>64,028</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 64,028</u>	<u>\$ 64,028</u>	<u>\$ -</u>

City of Marquette, Michigan
CEMETERY FUND
COMPARATIVE BALANCE SHEET
 June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 547,892	\$ 528,199
Accounts receivable	<u>425</u>	<u>438</u>
TOTAL ASSETS	<u><u>\$ 548,317</u></u>	<u><u>\$ 528,637</u></u>
 FUND BALANCE		
Reserved for Cemetery	<u>\$ 548,317</u>	<u>\$ 528,637</u>
TOTAL FUND BALANCE	<u><u>\$ 548,317</u></u>	<u><u>\$ 528,637</u></u>

City of Marquette, Michigan

CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2006

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	<u>2006</u>	<u>2005</u>
REVENUES:		
Charges for services	\$ 21,628	\$ 16,589
Investment income	19,713	8,497
TOTAL REVENUES	<u>41,341</u>	<u>25,086</u>
EXPENDITURES:		
Current operations:		
General government	<u>1,854</u>	<u>438</u>
TOTAL EXPENDITURES	<u>1,854</u>	<u>438</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>39,487</u>	<u>24,648</u>
OTHER FINANCING (USES):		
Transfers (out)	<u>(19,807)</u>	<u>(9,139)</u>
TOTAL OTHER FINANCING (USES)	<u>(19,807)</u>	<u>(9,139)</u>
CHANGE IN FUND BALANCE	19,680	15,509
Fund balance, beginning of year	<u>528,637</u>	<u>513,128</u>
FUND BALANCE, END OF YEAR	<u>\$ 548,317</u>	<u>\$ 528,637</u>

City of Marquette, Michigan

ENTERPRISE FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The function of the Enterprise Funds is to record the financing, acquisition, operation and maintenance of City activities that are predominantly self-supporting from user charges.

The accrual basis of accounting is used in recording Enterprise Fund transactions.

The Nonmajor Enterprise Funds of the City are the Marina and Intermodal Transportation Funds. The Major Enterprise Funds of the City are the Water Supply and Sewage Disposal, and Stormwater Utility Funds.

MARINA FUND: To account for activity at the City operated marinas.

INTERMODAL TRANSPORTATION TERMINAL FUND: To account for operation of the City owned transportation terminal used by the County-wide Mass Transit Bus System.

WATER SUPPLY AND SEWAGE DISPOSAL FUND: To account for water and sewer usage.

STORMWATER UTILITY FUND: To account for the management of stormwater related activities including billing, maintenance and construction.

City of Marquette, Michigan
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS

June 30, 2006

	Marina Fund	Intermodal Transportation Terminal Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 400	\$ -	\$ 400
Accounts receivable	1,060	-	1,060
Due from other funds	-	165,652	165,652
Unamortized bond issue costs	7,046	-	7,046
Inventory	25,820	-	25,820
Prepaid expenses	336	-	336
TOTAL CURRENT ASSETS	34,662	165,652	200,314
Noncurrent Assets:			
Restricted Assets:			
Bond Reserve Fund	103,268	-	103,268
Bond and Interest Redemption Fund	239,916	-	239,916
Total Restricted Assets	343,184	-	343,184
Land and land improvements	-	102,500	102,500
Property, plant, and equipment	3,774,597	1,939,625	5,714,222
Accumulated depreciation	(1,439,243)	(806,596)	(2,245,839)
TOTAL NONCURRENT ASSETS	2,678,538	1,235,529	3,914,067
TOTAL ASSETS	2,713,200	1,401,181	4,114,381
LIABILITIES			
Current Liabilities:			
Cash overdraft	-	-	-
Accounts payable	16,977	899	17,876
Due to other funds	168,673	-	168,673
Due to other local units	-	111,083	111,083
Customer deposits payable	8,731	-	8,731
Current portion of long-term debt	70,000	-	70,000
Accrued interest payable	3,100	-	3,100
TOTAL CURRENT LIABILITIES	267,481	111,982	379,463
Noncurrent Liabilities:			
Bonds payable	530,000	-	530,000
Deferred amounts on refunding	(26,803)	-	(26,803)
TOTAL NONCURRENT LIABILITIES	503,197	-	503,197
TOTAL LIABILITIES	770,678	111,982	882,660
NET ASSETS			
Invested in capital assets net of related debt	1,735,354	1,235,529	2,970,883
Unrestricted	207,168	53,670	260,838
TOTAL NET ASSETS	\$ 1,942,522	\$ 1,289,199	\$ 3,231,721

City of Marquette, Michigan

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2006

	Marina Fund	Intermodal Transportation Terminal Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 688	\$ 35,531	\$ 36,219
Other	280,608	-	280,608
TOTAL OPERATING REVENUES	<u>281,296</u>	<u>35,531</u>	<u>316,827</u>
OPERATING EXPENSES:			
General and administrative	214,955	46,527	261,482
Depreciation	136,911	39,476	176,387
TOTAL OPERATING EXPENSES	<u>351,866</u>	<u>86,003</u>	<u>437,869</u>
OPERATING (LOSS)	<u>(70,570)</u>	<u>(50,472)</u>	<u>(121,042)</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment income	12,050	-	12,050
Interest expense	(22,567)	-	(22,567)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(10,517)</u>	<u>-</u>	<u>(10,517)</u>
(LOSS) BEFORE TRANSFERS	<u>(81,087)</u>	<u>(50,472)</u>	<u>(131,559)</u>
Transfers in	30,555	64,665	95,220
CHANGE IN NET ASSETS	<u>(50,532)</u>	<u>14,193</u>	<u>(36,339)</u>
Net assets, beginning of year	1,993,054	1,275,006	3,268,060
NET ASSETS, END OF YEAR	<u><u>\$ 1,942,522</u></u>	<u><u>\$ 1,289,199</u></u>	<u><u>\$ 3,231,721</u></u>

City of Marquette, Michigan
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2006

	Marina Fund	Intermodal Transportation Terminal Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 280,431	\$ 35,531	\$ 315,962
Other operating revenues	1,701	-	1,701
Cash payments to employees for services	(63,518)	(4,338)	(67,856)
Cash payments to suppliers for goods and services	(160,102)	(45,205)	(205,307)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	58,512	(14,012)	44,500
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	30,555	64,665	95,220
(Decrease) in due to local units	-	-	-
Decrease in due from other funds	-	214,300	214,300
(Decrease) in due to other funds	-	(208,299)	(208,299)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	30,555	70,666	101,221
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on bonds	(19,067)	-	(19,067)
Principal payments on bonds	(70,000)	-	(70,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(89,067)	-	(89,067)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	12,050	-	12,050
(Increase) in restricted assets - Marina bonds	(12,050)	-	(12,050)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	-	56,654	56,654
Cash and cash equivalents, beginning of year	400	(56,654)	(56,254)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 400	\$ -	\$ 400
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating (loss)	\$ (70,570)	\$ (50,472)	\$ (121,042)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	136,911	39,476	176,387
Amortization	920	-	920
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	836	-	836
(Increase) decrease in inventory	(6,981)	-	(6,981)
(Increase) decrease in prepaid expenses	(336)	-	(336)
Increase in deposits	440	-	440
Increase (decrease) in accounts payable	(2,475)	(3,016)	(5,491)
(Decrease) in accrued interest payable	(233)	-	(233)
NET ADJUSTMENTS	129,082	36,460	165,542
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 58,512	\$ (14,012)	\$ 44,500

City of Marquette, Michigan

MARINA FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2006 and 2005

	2006	2005
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 400	\$ 400
Accounts receivable	1,060	1,896
Unamortized bond issue costs	7,046	7,966
Inventory	25,820	18,839
Prepaid expense	336	-
TOTAL CURRENT ASSETS	34,662	29,101
Noncurrent Assets:		
Restricted Assets:		
Bond Reserve Fund	103,268	180,284
Bond and Interest Redemption Fund	239,916	150,849
Total Restricted Assets	343,184	331,133
Property, plant and equipment	3,774,597	3,774,598
Allowance for depreciation	(1,439,243)	(1,302,332)
TOTAL NONCURRENT ASSETS	2,678,538	2,803,399
TOTAL ASSETS	2,713,200	2,832,500
LIABILITIES		
Current Liabilities:		
Cash overdraft	-	-
Accounts payable	16,977	19,452
Due to other funds	168,673	168,673
Customer deposits payable	8,731	8,291
Current portion of long-term debt	70,000	70,000
Accrued interest	3,100	3,333
TOTAL CURRENT LIABILITIES	267,481	269,749
Noncurrent Liabilities:		
Bonds payable	530,000	600,000
Deferred amount on refunding	(26,803)	(30,303)
TOTAL NONCURRENT LIABILITIES	503,197	569,697
TOTAL LIABILITIES	770,678	839,446
NET ASSETS		
Invested in capital assets net of related debt	1,735,354	1,802,266
Unrestricted	207,168	190,788
TOTAL NET ASSETS	\$ 1,942,522	\$ 1,993,054

City of Marquette, Michigan

MARINA FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		2005	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Services	\$ 775	\$ 688	\$ (87)	\$ 839
Sales of supplies	90,000	98,349	8,349	86,731
Use and admission fees	29,500	33,875	4,375	30,721
Rentals	142,931	146,683	3,752	139,116
Other	1,200	1,701	501	1,533
TOTAL OPERATING REVENUES	264,406	281,296	16,890	258,940
OPERATING EXPENSES:				
Administrative and General Expenses:				
Personnel services	69,506	63,518	5,988	57,729
Professional services	23,745	23,224	521	27,257
Supplies	10,150	1,756	8,394	7,865
Utilities	14,700	12,706	1,994	15,588
Cost of sales	80,750	91,430	(10,680)	72,350
Other services and charges	29,475	21,401	8,074	20,524
Amortization	995	920	75	920
Provision for depreciation	130,000	136,911	(6,911)	135,517
TOTAL OPERATING EXPENSES	359,321	351,866	7,455	337,750
OPERATING (LOSS)	(94,915)	(70,570)	24,345	(78,810)
NONOPERATING REVENUES (EXPENSES):				
Investment income	12,050	12,050	-	5,121
Interest expense	(22,890)	(22,567)	323	(27,036)
TOTAL NONOPERATING REVENUES (EXPENSES)	(10,840)	(10,517)	323	(21,915)
(LOSS) BEFORE TRANSFERS	(105,755)	(81,087)	24,668	(100,725)
Transfers in	45,921	30,555	(15,366)	40,565
CHANGE IN NET ASSETS	(59,834)	(50,532)	9,302	(60,160)
Net assets, beginning of year	1,993,054	1,993,054	-	2,053,214
NET ASSETS, END OF YEAR	\$ 1,933,220	\$ 1,942,522	\$ 9,302	\$ 1,993,054

City of Marquette, Michigan

INTERMODAL TRANSPORTATION TERMINAL FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Due from other funds	<u>\$165,652</u>	<u>\$379,951</u>
TOTAL CURRENT ASSETS	<u>165,652</u>	<u>379,951</u>
Noncurrent Assets:		
Land	102,500	102,500
Property, plant and equipment	1,939,625	1,939,625
Allowance for depreciation	<u>(806,596)</u>	<u>(767,119)</u>
TOTAL NONCURRENT ASSETS	<u>1,235,529</u>	<u>1,275,006</u>
TOTAL ASSETS	<u>1,401,181</u>	<u>1,654,957</u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	-	56,654
Accounts payable	899	3,915
Due to other funds	-	208,299
Due to local units	<u>111,083</u>	<u>111,083</u>
TOTAL CURRENT LIABILITIES	<u>111,982</u>	<u>379,951</u>
TOTAL LIABILITIES	<u>111,982</u>	<u>379,951</u>
NET ASSETS		
Invested in capital assets	1,235,529	1,275,006
Unrestricted	<u>53,670</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 1,289,199</u>	<u>\$ 1,275,006</u>

City of Marquette, Michigan

INTERMODAL TRANSPORTATION TERMINAL FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		Variance with Final Budget Positive (Negative)	2005
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
OPERATING REVENUES:				
Rentals	\$ 55,000	\$ 35,531	\$ (19,469)	\$ 63,281
Other	-	-	-	682
TOTAL OPERATING REVENUES	<u>55,000</u>	<u>35,531</u>	<u>(19,469)</u>	<u>63,963</u>
OPERATING EXPENSES:				
Administrative and General Expenses:				
Personnel services	5,000	4,338	662	27,656
Professional services	50,000	7,438	42,562	10,339
Supplies	-	601	(601)	1,346
Utilities	-	32,366	(32,366)	42,659
Other services and charges	-	1,784	(1,784)	35,384
Provision for depreciation	-	39,476	(39,476)	38,793
TOTAL OPERATING EXPENSES	<u>55,000</u>	<u>86,003</u>	<u>(31,003)</u>	<u>156,177</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>(50,472)</u>	<u>(50,472)</u>	<u>(92,214)</u>
NONOPERATING REVENUES:				
Investment income	-	-	-	-
TOTAL NONOPERATING REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(LOSS) BEFORE TRANSFERS	<u>-</u>	<u>(50,472)</u>	<u>(50,472)</u>	<u>(92,214)</u>
Transfers in	-	64,665	64,665	379,951
CHANGE IN NET ASSETS	<u>-</u>	<u>14,193</u>	<u>14,193</u>	<u>287,737</u>
Net assets, beginning of year	1,275,006	1,275,006	-	987,269
NET ASSETS, END OF YEAR	<u>\$ 1,275,006</u>	<u>\$ 1,289,199</u>	<u>\$ 14,193</u>	<u>\$ 1,275,006</u>

City of Marquette, Michigan

WATER SUPPLY AND SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2006 and 2005

	2006	2005
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,640,569	\$ 4,498,775
Delinquent utility bills on taxes	-	2,427
Customer deposits	-	24,020
Accounts receivable - net	805,995	823,932
Special assessments receivable	27,083	122,442
Due from state	-	2,649
Due from other governments	-	348,333
Unamortized bond issuance cost	90,828	110,565
Inventory	133,304	125,997
Prepaid expenses	4,600	-
TOTAL CURRENT ASSETS	<u>2,702,379</u>	<u>6,059,140</u>
Noncurrent Assets:		
Restricted Assets:		
Bond Reserve Fund	50,765	48,582
Replacement Maintenance Fund	390,000	390,000
Bond and Interest Redemption Fund	34,204	25,623
Water Filtration Reserve	1,114,801	1,109,223
Bond Escrow Fund	63,032	60,433
Vacation, Sick Leave and Benefit Days Reserve	134,735	163,924
Total Restricted Assets	<u>1,787,537</u>	<u>1,797,785</u>
Property, plant and equipment	46,060,770	42,739,598
Allowance for depreciation	(13,025,050)	(12,032,074)
Investment in Wastewater Facility	2,992,555	2,917,432
TOTAL NONCURRENT ASSETS	<u>37,815,812</u>	<u>35,422,741</u>
TOTAL ASSETS	<u>40,518,191</u>	<u>41,481,881</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	400,181	208,979
Accrued compensated absences	134,735	163,924
Customer deposits payable	(75)	24,020
Current portion of notes payable	20,286	19,329
Current portion of loan payable	145,000	140,000
Current portion of capitalized lease payable	120,866	120,866
Accrued interest payable	35,267	32,885
Deferred revenue - special assessment	27,083	122,442
TOTAL CURRENT LIABILITIES	<u>883,343</u>	<u>832,445</u>
Current Liabilities (payable from restricted assets):		
Current portion of bonds payable	<u>640,000</u>	<u>630,000</u>
Noncurrent Liabilities:		
Bonds payable	4,230,000	4,870,000
Notes payable	91,991	112,244
Loan payable	3,185,000	3,330,000
Capitalized leases payable	241,732	362,598
Premium on refunding	53,146	58,601
Deferred amounts on refunding	(238,213)	(274,664)
TOTAL NONCURRENT LIABILITIES	<u>7,563,656</u>	<u>8,458,779</u>
TOTAL LIABILITIES	<u>9,086,999</u>	<u>9,921,224</u>
NET ASSETS		
Invested in capital assets net of related debt	24,723,443	21,605,951
Net Assets:		
Restricted for debt service	1,652,802	1,633,861
Unrestricted	<u>5,054,947</u>	<u>8,320,845</u>
TOTAL NET ASSETS	<u>\$ 31,431,192</u>	<u>\$ 31,560,657</u>

City of Marquette, Michigan

WATER SUPPLY AND SEWAGE DISPOSAL FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		2005	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Water:				
Metered sales	\$ 1,975,000	\$ 1,943,660	\$ (31,340)	\$ 1,909,678
Sales to public authorities	60,650	60,259	(391)	60,308
Non-tax customers	1,308,000	1,170,793	(137,207)	1,303,604
City departments	36,500	35,916	(584)	36,574
Rentals	2,000	2,034	34	1,387
Miscellaneous income	79,930	225,698	145,768	144,482
Sewage Disposal:				
Metered sales	1,568,000	1,562,749	(5,251)	1,511,858
Sales to public authorities	42,900	39,796	(3,104)	39,470
Non-tax customers	697,250	771,261	74,011	686,435
City departments	14,600	13,209	(1,391)	13,566
Miscellaneous income	9,000	14,232	5,232	11,468
TOTAL OPERATING REVENUES	5,793,830	5,839,607	45,777	5,718,830
OPERATING EXPENSES:				
Administrative and General:				
Salaries and wages	193,526	124,018	69,508	170,730
Fringe benefits	315,218	303,407	11,811	283,991
Supplies	34,700	19,208	15,492	22,230
Professional and contractual	394,700	415,596	(20,896)	352,294
Communications	2,050	1,833	217	1,745
Insurance and bonds	60,000	52,902	7,098	57,358
Utilities	635	675	(40)	633
Maintenance	1,000	979	21	664
Rental	25,000	26,011	(1,011)	24,698
Contingencies	45,000	-	45,000	-
Miscellaneous	3,120	1,668	1,452	297
Uncollectible accounts	45,500	69,137	(23,637)	36,875
Provision for depreciation	805,000	992,976	(187,976)	793,546
Employee safety expense	500	88	412	173
Schooling	5,000	411	4,589	2,669
Payment in lieu of taxes	793,162	767,516	25,646	680,885
Amortization	7,765	12,314	(4,549)	12,674
Total Administrative and General	2,731,876	2,788,739	(56,863)	2,441,462
Water Treatment and Distribution:				
Personnel services	623,600	636,604	(13,004)	558,660
Operating supplies	128,600	130,128	(1,528)	114,634
Professional and contractual	146,275	137,552	8,723	148,217
Communications	1,400	1,794	(394)	1,262
Utilities	189,000	185,827	3,173	186,785
Maintenance	1,500	750	750	106
Rental	210,184	239,522	(29,338)	218,671
Security upgrades	74,000	6,163	67,837	-
Schooling	3,000	1,061	1,939	3,610
Total Water Treatment and Distribution	1,377,559	1,339,401	38,158	1,231,945

City of Marquette, Michigan

WATER SUPPLY AND SEWAGE DISPOSAL FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		Variance with Final Budget Positive (Negative)	2005 Actual GAAP Basis
	Final Budget	Actual GAAP Basis		
Sanitary Sewer Operation and Booster Stations:				
Personnel services	\$ 236,750	\$ 228,717	\$ 8,033	\$ 226,593
Operating supplies and repairs	43,468	28,936	14,532	57,102
Professional and contractual	384,111	249,461	134,650	340,039
Communications	4,000	6,002	(2,002)	7,266
Utilities	45,500	35,758	9,742	36,402
Purchased wastewater services	1,369,237	1,146,725	222,512	1,071,017
Rental	181,000	202,045	(21,045)	198,311
Total Sanitary Sewer Operation and Booster Stations	2,264,066	1,897,644	366,422	1,936,730
TOTAL OPERATING EXPENSES	6,373,501	6,025,785	347,716	5,610,137
OPERATING INCOME	(579,671)	(186,178)	393,493	108,693
NONOPERATING REVENUES (EXPENSES):				
Investment income	169,430	204,520	35,090	179,434
Other financing sources	541,915	91,116	(450,799)	-
Interest expense	(270,105)	(314,046)	(43,941)	(284,964)
Operating income from Marquette Area Wastewater Treatment Facility	-	75,123	75,123	8,038
TOTAL NONOPERATING REVENUES (EXPENSES)	441,240	56,713	(384,527)	(97,492)
CHANGE IN NET ASSETS	(138,431)	(129,465)	8,966	11,201
Net assets, beginning of year	31,560,657	31,560,657	-	31,549,456
NET ASSETS, END OF YEAR	\$ 31,422,226	\$ 31,431,192	\$ 8,966	\$ 31,560,657

City of Marquette, Michigan
STORMWATER UTILITY FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 107,598
Accounts receivable	526,726	458,347
Allowance for uncollectible accounts	(493,995)	(398,065)
Unamortized bond issuance cost	42,014	50,417
Prepaid expense	199	-
	<u>74,944</u>	<u>218,297</u>
TOTAL CURRENT ASSETS	<u>74,944</u>	<u>218,297</u>
Noncurrent Assets:		
Restricted Assets:		
Bond Reserve Fund	259,769	257,344
Bond Escrow Fund	38,663	38,678
Vacation, Sick Leave, and Benefit Days Reserve	6,188	4,222
Total Restricted Assets	<u>304,620</u>	<u>300,244</u>
Property, plant and equipment	6,817,613	6,051,426
Allowance for depreciation	<u>(1,232,927)</u>	<u>(991,321)</u>
	<u>5,889,306</u>	<u>5,360,349</u>
TOTAL NONCURRENT ASSETS	<u>5,889,306</u>	<u>5,360,349</u>
TOTAL ASSETS	<u>5,964,250</u>	<u>5,578,646</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	1,167	1,894
Accrued compensated absences	6,188	4,222
Accrued interest payable	5,386	5,386
Current portion of long-term debt	<u>245,000</u>	<u>230,000</u>
	<u>257,741</u>	<u>241,502</u>
TOTAL CURRENT LIABILITIES	<u>257,741</u>	<u>241,502</u>
Noncurrent Liabilities:		
Bonds payable	<u>820,000</u>	<u>1,065,000</u>
	<u>820,000</u>	<u>1,065,000</u>
TOTAL NONCURRENT LIABILITIES	<u>820,000</u>	<u>1,065,000</u>
TOTAL LIABILITIES	<u>1,077,741</u>	<u>1,306,502</u>
NET ASSETS		
Invested in capital assets net of related debt	4,519,686	3,765,105
Net Assets:		
Restricted for debt service	298,432	296,022
Unrestricted	<u>68,391</u>	<u>211,017</u>
	<u>\$ 4,886,509</u>	<u>\$ 4,272,144</u>
TOTAL NET ASSETS	<u>\$ 4,886,509</u>	<u>\$ 4,272,144</u>

City of Marquette, Michigan

STORMWATER UTILITY FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		2005	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 322,000	\$ 325,245	\$ 3,245	\$ 307,836
Public authorities	18,275	19,401	1,126	17,495
Non-tax customers	104,000	119,345	15,345	103,011
City departments	234,200	244,961	10,761	219,018
Other charges for service	1,000	907	(93)	1,674
TOTAL OPERATING REVENUES	679,475	709,859	30,384	649,034
OPERATING EXPENSES:				
Routine Maintenance and Administration:				
Salaries and wages	129,084	143,239	(14,155)	111,082
Fringe benefits	70,656	72,987	(2,331)	70,542
Office supplies	970	1,015	(45)	1,020
Maintenance supplies	13,000	11,808	1,192	10,697
Professional and contractual	97,080	88,501	8,579	93,615
Rental vehicles	70,000	117,158	(47,158)	62,409
Utilities	1,450	480	970	450
Amortization	8,405	8,403	2	9,103
Uncollectible accounts	32,250	95,930	(63,680)	42,715
Provision for depreciation	150,000	241,606	(91,606)	185,726
Miscellaneous	20,500	20,495	5	20,140
TOTAL OPERATING EXPENSES	593,395	801,622	(208,227)	607,499
OPERATING INCOME (LOSS)	86,080	(91,763)	(177,843)	41,535
NONOPERATING REVENUES (EXPENSES):				
Investment income	40,000	14,006	(25,994)	48,925
Interest expense	(64,635)	(64,635)	-	(73,292)
State and Federal grants	-	9,000	9,000	173,320
TOTAL NONOPERATING REVENUES (EXPENSES)	(24,635)	(41,629)	(16,994)	148,953
INCOME (LOSS) BEFORE TRANSFERS	61,445	(133,392)	(194,837)	190,488
Transfers in	-	747,757	747,757	-
CHANGE IN NET ASSETS	61,445	614,365	552,920	190,488
Net assets, beginning of year	4,272,144	4,272,144	-	4,081,656
NET ASSETS, END OF YEAR	\$ 4,333,589	\$ 4,886,509	\$ 552,920	\$ 4,272,144

City of Marquette, Michigan

INTERNAL SERVICE FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The function of the Internal Service Funds is to account for funds that are used to finance, administer and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

MOTOR VEHICLE EQUIPMENT FUND: To operate as a self-supporting fund, which will be responsible for the maintenance and purchasing of vehicles and equipment utilized in various departments of the City.

MUNICIPAL SERVICE CENTER FUND: To accumulate the expenses and revenues associated with the operation of the Municipal Service Center. Building space is rented to various funds based on a square foot occupancy rate.

City of Marquette, Michigan

ALL INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2006

	Motor Vehicle Equipment Fund	Municipal Service Center Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 161	\$ 111,158	\$ 111,319
Accounts receivable, net	18,469	-	18,469
Due from local units	685	-	685
Inventory	30,552	-	30,552
Prepaid expenses	2,231	2,882	5,113
TOTAL CURRENT ASSETS	52,098	114,040	166,138
Noncurrent Assets:			
Restricted Assets:			
Replacement and maintenance fund	616,437	-	616,437
Vacation, sick leave and benefit reserve	82,952	8,521	91,473
Total Restricted Assets	699,389	8,521	707,910
Long-term receivables	6,039	-	6,039
Land and land improvements	-	251,454	251,454
Property, plant, and equipment	9,051,396	6,865,805	15,917,201
Accumulated depreciation	(6,366,900)	(2,750,964)	(9,117,864)
TOTAL NONCURRENT ASSETS	3,389,924	4,374,816	7,764,740
TOTAL ASSETS	3,442,022	4,488,856	7,930,878
LIABILITIES			
Current Liabilities:			
Accounts payable	51,936	12,418	64,354
Accrued compensated absences	82,952	8,521	91,473
TOTAL CURRENT LIABILITIES	134,888	20,939	155,827
TOTAL LIABILITIES	134,888	20,939	155,827
NET ASSETS			
Invested in capital assets net of related debt	2,684,496	4,366,295	7,050,791
Net Assets:			
Unrestricted	622,638	101,622	724,260
TOTAL NET ASSETS	\$ 3,307,134	\$ 4,467,917	\$ 7,775,051

City of Marquette, Michigan

ALL INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2006

	Motor Vehicle Equipment Fund	Municipal Service Center Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 1,813,900	\$ 640,080	\$ 2,453,980
Other	31,280	4,155	35,435
TOTAL OPERATING REVENUES	1,845,180	644,235	2,489,415
OPERATING EXPENSES:			
General and administrative	548,202	270,320	818,522
Depreciation	573,996	219,501	793,497
Vehicle operating expenses	1,077,385	-	1,077,385
TOTAL OPERATING EXPENSES	2,199,583	489,821	2,689,404
OPERATING INCOME (LOSS)	(354,403)	154,414	(199,989)
NON-OPERATING REVENUES (EXPENSES):			
Investment income	37,939	6,535	44,474
(Loss) on sale of capital assets	14,019	-	14,019
TOTAL NON-OPERATING REVENUES (EXPENSES)	51,958	6,535	58,493
INCOME (LOSS) BEFORE TRANSFERS	(302,445)	160,949	(141,496)
Transfers (out)	-	(381,113)	(381,113)
CHANGE IN NET ASSETS	(302,445)	(220,164)	(522,609)
Net assets, beginning of year	3,609,579	4,688,081	8,297,660
NET ASSETS, END OF YEAR	\$ 3,307,134	\$ 4,467,917	\$ 7,775,051

City of Marquette, Michigan
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2006

	Motor Vehicle Equipment Fund	Municipal Service Center Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 1,796,272	\$ 640,100	\$ 2,436,372
Other operating revenues	31,280	4,155	35,435
Cash payments to employees for services	(566,736)	(82,649)	(649,385)
Cash payments to suppliers for goods and services	(1,248,244)	(188,458)	(1,436,702)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	12,572	373,148	385,720
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers (out)	-	(381,113)	(381,113)
Decrease in due from local units	448	-	448
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	448	(381,113)	(380,665)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash payments for capital assets	(590,650)	-	(590,650)
Proceeds from sale of capital assets	14,019	-	14,019
Payments received on notes receivable	11,637	-	11,637
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(564,994)	-	(564,994)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	37,939	6,535	44,474
(Increase) decrease in restricted assets:			
Equipment reserve	(41,299)	-	(41,299)
Vacation and sick leave reserve	45,367	(1,991)	43,376
NET CASH PROVIDED BY INVESTING ACTIVITIES	42,007	4,544	46,551
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(509,967)	(3,421)	(513,388)
Cash and cash equivalents, beginning of year	510,128	114,579	624,707
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 161	\$ 111,158	\$ 111,319
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (354,403)	\$ 154,414	\$ (199,989)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	573,996	219,501	793,497
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(17,628)	20	(17,608)
(Increase) in inventory	(8,238)	-	(8,238)
(Increase) decrease in prepaid expenses	(2,231)	(2,882)	(5,113)
Increase (decrease) in accounts payable	(133,557)	104	(133,453)
Increase (decrease) in accrued compensated absences	(45,367)	1,991	(43,376)
NET ADJUSTMENTS	366,975	218,734	585,709
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 12,572	\$ 373,148	\$ 385,720

City of Marquette, Michigan
MOTOR VEHICLE EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 161	\$ 510,128
Accounts receivable	18,469	841
Due from local units	685	1,133
Inventory	30,552	22,314
Prepaid expense	<u>2,231</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>52,098</u>	<u>534,416</u>
Noncurrent Assets:		
Restricted Assets:		
Equipment reserve	616,437	575,138
Vacation, sick leave and benefit day reserve	<u>82,952</u>	<u>128,319</u>
Total Restricted Assets	<u>699,389</u>	<u>703,457</u>
Long term notes receivable	6,039	17,676
Property, plant and equipment	9,051,396	8,460,746
Allowance for depreciation	<u>(6,366,900)</u>	<u>(5,792,904)</u>
TOTAL NONCURRENT ASSETS	<u>3,389,924</u>	<u>3,388,975</u>
TOTAL ASSETS	<u>3,442,022</u>	<u>3,923,391</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	51,936	185,493
Accrued compensated absences	<u>82,952</u>	<u>128,319</u>
TOTAL CURRENT LIABILITIES	<u>134,888</u>	<u>313,812</u>
TOTAL LIABILITIES	<u>134,888</u>	<u>313,812</u>
NET ASSETS		
Invested in capital assets	2,684,496	2,667,841
Unrestricted	<u>622,638</u>	<u>941,738</u>
TOTAL NET ASSETS	<u>\$ 3,307,134</u>	<u>\$ 3,609,579</u>

City of Marquette, Michigan

MOTOR VEHICLE EQUIPMENT FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006		2005	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Rentals	\$ 1,850,000	\$ 1,813,900	\$ (36,100)	\$ 1,794,408
Other	11,000	31,280	20,280	18,524
TOTAL OPERATING REVENUES	<u>1,861,000</u>	<u>1,845,180</u>	<u>(15,820)</u>	<u>1,812,932</u>
OPERATING EXPENSES:				
Vehicle Operating Expenses:				
Personnel services	616,033	521,369	94,664	513,351
Repairs and maintenance	225,425	245,130	(19,705)	231,364
Fuel	205,000	211,026	(6,026)	170,707
Supplies	23,594	23,059	535	9,296
Vehicle insurance	73,200	66,780	6,420	69,764
Rentals	12,000	10,021	1,979	10,337
Total Vehicle Operating Expenses	<u>1,155,252</u>	<u>1,077,385</u>	<u>77,867</u>	<u>1,004,819</u>
Administrative and General Expenses:				
Rentals	480,000	480,000	-	505,000
Professional services	64,180	61,856	2,324	62,538
Supplies	1,316	1,395	(79)	1,331
Other services and charges	3,750	4,951	(1,201)	2,664
Provision for depreciation	452,000	573,996	(121,996)	559,740
Total Administrative and General Expenses	<u>1,001,246</u>	<u>1,122,198</u>	<u>(120,952)</u>	<u>1,131,273</u>
TOTAL OPERATING EXPENSES	<u>2,156,498</u>	<u>2,199,583</u>	<u>(43,085)</u>	<u>2,136,092</u>
OPERATING INCOME (LOSS)	<u>(295,498)</u>	<u>(354,403)</u>	<u>(58,905)</u>	<u>(323,160)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	20,000	37,939	17,939	24,700
Gain (loss) on sale of capital assets	25,000	14,019	(10,981)	(3,571)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>45,000</u>	<u>51,958</u>	<u>6,958</u>	<u>21,129</u>
CHANGE IN NET ASSETS	<u>(250,498)</u>	<u>(302,445)</u>	<u>(51,947)</u>	<u>(302,031)</u>
Net assets, beginning of year	<u>3,609,579</u>	<u>3,609,579</u>	<u>-</u>	<u>3,911,610</u>
NET ASSETS, END OF YEAR	<u>\$ 3,359,081</u>	<u>\$ 3,307,134</u>	<u>\$ (51,947)</u>	<u>\$ 3,609,579</u>

City of Marquette, Michigan
MUNICIPAL SERVICE CENTER FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 111,158	\$ 114,579
Accounts Receivable	-	20
Prepaid expense	<u>2,882</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>114,040</u>	<u>114,599</u>
Noncurrent Assets:		
Restricted Assets:		
Vacation, Sick Leave and Benefit Day Reserve	<u>8,521</u>	<u>6,530</u>
Total Restricted Assets	<u>8,521</u>	<u>6,530</u>
Land	245,566	245,566
Land improvements	5,888	5,888
Property, plant and equipment	6,865,805	6,865,805
Allowance for depreciation	<u>(2,750,964)</u>	<u>(2,531,463)</u>
TOTAL NONCURRENT ASSETS	<u>4,374,816</u>	<u>4,592,326</u>
TOTAL ASSETS	<u>4,488,856</u>	<u>4,706,925</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	12,418	12,314
Accrued compensated absences	<u>8,521</u>	<u>6,530</u>
TOTAL CURRENT LIABILITIES	<u>20,939</u>	<u>18,844</u>
TOTAL LIABILITIES	<u>20,939</u>	<u>18,844</u>
NET ASSETS		
Invested in capital assets	4,366,295	4,585,796
Unrestricted	<u>101,622</u>	<u>102,285</u>
TOTAL NET ASSETS	<u>\$ 4,467,917</u>	<u>\$ 4,688,081</u>

City of Marquette, Michigan

MUNICIPAL SERVICE CENTER FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	2006			2005
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Rentals	\$ 677,000	\$ 640,080	\$ (36,920)	\$ 702,838
Other	4,000	4,155	155	5,028
TOTAL OPERATING REVENUES	<u>681,000</u>	<u>644,235</u>	<u>(36,765)</u>	<u>707,866</u>
OPERATING EXPENSES:				
Administrative and General Expenses:				
Personnel services	84,855	84,640	215	90,348
Professional services	55,421	50,179	5,242	58,095
Supplies	22,000	21,700	300	26,727
Utilities	90,000	80,470	9,530	79,145
Other services and charges	58,072	33,331	24,741	39,368
Provision for depreciation	200,000	219,501	(19,501)	216,397
TOTAL OPERATING EXPENSES	<u>510,348</u>	<u>489,821</u>	<u>20,527</u>	<u>510,080</u>
OPERATING INCOME (LOSS)	<u>170,652</u>	<u>154,414</u>	<u>(16,238)</u>	<u>197,786</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	10,463	6,535	(3,928)	7,257
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>10,463</u>	<u>6,535</u>	<u>(3,928)</u>	<u>7,257</u>
INCOME (LOSS) BEFORE TRANSFERS	181,115	160,949	(20,166)	205,043
Transfers (out)	<u>(381,115)</u>	<u>(381,113)</u>	<u>2</u>	<u>(378,208)</u>
CHANGE IN NET ASSETS	<u>(200,000)</u>	<u>(220,164)</u>	<u>(20,164)</u>	<u>(173,165)</u>
Net assets, beginning of year	<u>4,688,081</u>	<u>4,688,081</u>	<u>-</u>	<u>4,861,246</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,488,081</u></u>	<u><u>\$ 4,467,917</u></u>	<u><u>\$ (20,164)</u></u>	<u><u>\$ 4,688,081</u></u>

City of Marquette, Michigan

FIDUCIARY FUNDS

INDIVIDUAL FUND STATEMENTS

The function of Fiduciary funds is to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. These include (a) private-purpose trust funds, (b) pension trust funds, and (c) agency funds.

SPECIAL ACTIVITIES PRIVATE-PURPOSE TRUST FUND: This fund is used to account for the contributions from private sources restricted for special projects. The City is holding these monies in a trustee capacity.

PENSION TRUST FUND: The Fire-Police Retirement System Fund is used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees at fixed rates and by the City at amounts determined by an annual actuarial valuation.

AGENCY FUND: This fund is used to record the collection and payment of property taxes billed and collected by the City on behalf of the County, the School Districts, and the Intermediate School District. It is also used as a payroll clearing account type, which receives reimbursing payments from other funds.

The accrual basis of accounting is used in recording Fiduciary Fund transactions.

City of Marquette, Michigan

SPECIAL ACTIVITIES PRIVATE-PURPOSE TRUST FUND

COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006 and 2005

ASSETS	2006	2005
Cash and cash equivalents	\$ 494,661	\$ 422,269
TOTAL ASSETS	494,661	422,269
LIABILITIES		
Accounts payable	279	14
TOTAL LIABILITIES	279	14
NET ASSETS		
Waterfront Property	4,949	4,764
Neck of Presque Isle Park	1,644	1,582
Iron Bay Business Park	-	-
L.G. Kaufman Ski Hill	12,477	12,011
Insurance Program	10,318	21,851
MUSTFAA Insurance	69,417	62,923
Senior Citizens Trust	12,968	13,373
Senior Citizens Grants	21,666	22,069
Native American Culture Center	-	1,533
Sister Cities Artists Exchange	5,136	4,360
Finland Sister City	2,351	4,325
Japan Sister City Campaign	3,323	918
Arts Exchange - Doors Project	3,238	-
Williams Park Improvement	-	13
McCarty's Cove	177	170
Presque Isle Walking Path	15,900	12,095
Heritage Tree	2,929	3,740
Harlow Park Playground Equipment	248	239
Tourist Park Development	33,490	32,238
Mobile Fire Safety House	5,370	5,169
Softball Insurance Fees	355	352
Fire Belltower Paver Bricks	962	1,590
Fire Belltower Other	1,146	1,113
Seized Property	21,931	20,026
Drug Dog	4,673	4,601
Disaster Contingency	5,403	5,201
Potter's Field	641	221
Hiebel Memorial	1,834	8,622
D.A.R.E. Program	2,667	3,376
City Gift Program	19,155	18,193
Sanitation Fee for Land Purchase and Development	214,954	141,084
Fuel Surcharge	15,060	14,503
TOTAL NET ASSETS	\$ 494,382	\$ 422,255

City of Marquette, Michigan

FIRE-POLICE RETIREMENT SYSTEM PENSION TRUST FUND

COMPARATIVE STATEMENT OF PLAN NET ASSETS

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 1,689,738	\$ 290,535
Investments:		
United States Government Securities	4,947,662	5,018,812
Domestic Corporation Bonds	2,622,306	3,968,452
Common, Pooled Fund	16,168,899	15,459,157
Government National Mortgage Association	1,449	4,730
Accrued interest receivable	<u>96,166</u>	<u>105,324</u>
TOTAL ASSETS	<u>25,526,220</u>	<u>24,847,010</u>
 LIABILITIES		
Accounts payable and other	<u>-</u>	<u>2,771</u>
 NET ASSETS HELD IN TRUST FOR PENSION	<u><u>\$ 25,526,220</u></u>	<u><u>\$ 24,844,239</u></u>

City of Marquette, Michigan

AGENCY FUND

COMPARATIVE BALANCE SHEET

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 1,554,552	\$ 1,507,897
Accounts receivable	1,254	1,254
Taxes receivable - current	-	26,698
Taxes receivable - delinquent personal	<u>132,248</u>	<u>89,204</u>
TOTAL ASSETS	<u><u>\$ 1,688,054</u></u>	<u><u>\$ 1,625,053</u></u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ -	\$ -
Contract retainage payable	98,099	94,007
Accrued wages and related liabilities	973,224	980,032
Due to other governments	43,764	29,715
Due to State	34,286	23,396
Due to local units	535,354	497,532
Other liabilities	<u>3,327</u>	<u>371</u>
TOTAL LIABILITIES	<u><u>\$ 1,688,054</u></u>	<u><u>\$ 1,625,053</u></u>

City of Marquette, Michigan

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
ASSETS				
Cash and cash equivalents	\$ 1,507,897	\$ 33,775,923	\$ 33,729,268	\$ 1,554,552
Accounts receivable	1,254	-	-	1,254
Taxes receivable - current	26,698	13,549,476	13,576,174	-
Taxes receivable - delinquent personal	89,204	117,504	74,460	132,248
TOTAL ASSETS	\$ 1,625,053	\$ 47,442,903	\$ 47,379,902	\$ 1,688,054
LIABILITIES				
Accounts payable	\$ -	\$ 14,970,032	\$ 14,970,032	\$ -
Contract retainage payable	94,007	282,128	278,036	98,099
Accrued wages and related liabilities	980,032	4,048,042	4,054,850	973,224
Due to other governments	29,715	3,721,410	3,707,361	43,764
Due to State	23,396	2,950,290	2,939,400	34,286
Due to local units	497,532	7,412,887	7,375,065	535,354
Other liabilities	371	77,606	74,650	3,327
TOTAL LIABILITIES	\$ 1,625,053	\$ 33,462,395	\$ 33,399,394	\$ 1,688,054

City of Marquette, Michigan

CAPITAL ASSETS SCHEDULES

City of Marquette, Michigan

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY SOURCE**

June 30, 2006

	Land and Improvements	Buildings and Improvements	Furniture and Equipment	Other	Totals
Governmental Capital Assets:					
Land	\$ 10,912,200	\$ -	\$ -	\$ -	\$ 10,912,200
Land improvements	6,904,500	-	-	-	6,904,500
Buildings	-	4,971,466	-	-	4,971,466
Building improvements	-	5,005,116	-	-	5,005,116
Furniture and equipment	-	-	2,784,331	-	2,784,331
Infrastructure	-	-	-	31,526,962	31,526,962
Construction in progress	4,271,067	-	-	-	4,271,067
Investment in joint venture	-	-	-	3,524,660	3,524,660
TOTAL	\$ 22,087,767	\$ 9,976,582	\$ 2,784,331	\$ 35,051,622	\$ 69,900,302
Investments in Governmental Capital Assets From:					
General Fund	\$ 16,946,267	\$ 4,565,539	\$ 2,239,207	\$ 30,979,200	\$ 54,730,213
Federal grants	1,901,291	3,466,340	116,285	547,762	6,031,678
State grants	705,189	494,867	138,397	-	1,338,453
Private gifts	1,114,174	558,029	117,381	-	1,789,584
Authorities, Boards and Commissions	54,000	811,172	-	-	865,172
Joint venture	-	-	-	3,524,660	3,524,660
Other funds	1,366,846	80,635	173,061	-	1,620,542
TOTAL	\$ 22,087,767	\$ 9,976,582	\$ 2,784,331	\$ 35,051,622	\$ 69,900,302

City of Marquette, Michigan

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**

June 30, 2006

Function and Activity	Total	Land	Land Improvements	Buildings	Building Improvements	Furniture and Equipment	Infrastructure
General Government:							
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ -	\$ 8,999	\$ -
Elections	5,001	-	-	-	-	5,001	-
Finance and Accounting	7,191	-	-	-	-	7,191	-
Treasurer	5,978	-	-	-	-	5,978	-
Information Systems	1,393,253	-	-	-	-	1,393,253	-
Cemetery	226,936	98,002	94,648	9,048	25,238	-	-
City Hall and Grounds	2,402,655	100,008	128,542	1,395,545	651,568	126,992	-
Other City Property	5,129,514	5,109,643	19,871	-	-	-	-
Total General Government	9,179,527	5,307,653	243,061	1,404,593	676,806	1,547,414	-
Public Health and Safety:							
Police Department	305,990	-	-	-	-	305,990	-
Fire Department	425,669	32,296	14,663	154,155	106,673	117,882	-
Total Public Health and Safety	731,659	32,296	14,663	154,155	106,673	423,872	-
Highways, Streets and Bridges:							
City Engineer	79,286	-	-	-	-	79,286	-
Public Works	7,326,773	4,242,131	2,742,813	107,549	213,880	20,400	-
Infrastructure	31,526,962	-	-	-	-	-	31,526,962
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
Total Highways, Streets and Bridges	41,408,537	4,996,005	2,812,944	1,427,720	449,276	195,630	31,526,962
Other:							
Sanitation	14,932	14,932	-	-	-	-	-
Social Services	-	-	-	-	-	-	-
Recreation	10,726,756	561,314	3,833,832	1,984,998	3,754,445	592,167	-
Other functions	43,164	-	-	-	17,916	25,248	-
Total Other	10,784,852	576,246	3,833,832	1,984,998	3,772,361	617,415	-
TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS	62,104,575	\$ 10,912,200	\$ 6,904,500	\$ 4,971,466	\$ 5,005,116	\$ 2,784,331	\$31,526,962
Construction in progress	4,271,067						
Investment in Marquette County Solid Waste Management Authority	3,524,660						
TOTAL GOVERNMENTAL CAPITAL ASSETS	\$ 69,900,302						

City of Marquette, Michigan

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**

For the Fiscal Year Ended June 30, 2006

Function and Activity	Balance June 30, 2005	Additions	Deductions	Transfers	Balance June 30, 2006
General Government:					
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ 8,999
Elections	5,001	-	-	-	5,001
Finance and Accounting	7,191	-	-	-	7,191
Treasurer	5,978	-	-	-	5,978
Information Systems	1,352,585	40,668	-	-	1,393,253
Cemetery	226,936	-	-	-	226,936
City Hall and Grounds	2,402,655	-	-	-	2,402,655
Other City Property	5,129,514	-	-	-	5,129,514
Total General Government	9,138,859	40,668	-	-	9,179,527
Public Health and Safety:					
Police Department	299,546	6,444	-	-	305,990
Fire Department	425,669	-	-	-	425,669
Total Public Health and Safety	725,215	6,444	-	-	731,659
Highways, Streets and Bridges					
City Engineer	73,789	5,497	-	-	79,286
Public Works	7,306,373	20,400	-	-	7,326,773
Infrastructure	30,391,829	1,135,133	-	-	31,526,962
Parking System	2,475,516	-	-	-	2,475,516
Total Highways, Streets and Bridges	40,247,507	1,161,030	-	-	41,408,537
Other:					
Sanitation	14,932	-	-	-	14,932
Recreation	10,707,756	19,000	-	-	10,726,756
Other	43,164	-	-	-	43,164
Total Other	10,765,852	19,000	-	-	10,784,852
TOTAL GOVERNMENTAL CAPITAL ASSETS	60,877,433	1,227,142	-	-	62,104,575
Construction in progress	3,611,602	659,465	-	-	4,271,067
Investment in Marquette County Solid Waste Management Authority	3,560,397	-	(35,737)	-	3,524,660
GRAND TOTAL	\$ 68,049,432	\$ 1,886,607	\$ (35,737)	\$ -	\$ 69,900,302

City of Marquette, Michigan

LONG-TERM DEBT SCHEDULES

City of Marquette, Michigan

SCHEDULE OF BONDS, NOTES PAYABLE AND CAPITALIZED LEASE OBLIGATIONS PAYABLE -
ENTERPRISE FUNDS

For the year ended June 30, 2006

Maturities Year Ending June 30:	WATER SUPPLY AND SEWAGE DISPOSAL FUND					MARINA FUND	STORMWATER UTILITY FUND
	Capitalized Lease Obligations (A)	Note Payable	Loan Payable	Revenue Bonds (B)	Revenue Bonds (C)	Revenue Bonds (D)	Revenue Bonds (E)
2007	\$ 120,866	\$ 20,286	\$ 145,000	\$ 70,000	\$ 570,000	\$ 70,000	\$ 245,000
2008	120,866	21,289	145,000	-	590,000	70,000	255,000
2009	120,866	22,343	150,000	-	480,000	75,000	275,000
2010	-	23,448	155,000	-	410,000	70,000	290,000
2011	-	24,911	155,000	-	410,000	75,000	-
2012	-	-	160,000	-	430,000	75,000	-
2013	-	-	165,000	-	450,000	80,000	-
2014	-	-	165,000	-	470,000	85,000	-
2015	-	-	170,000	-	485,000	-	-
2016	-	-	175,000	-	505,000	-	-
2017	-	-	180,000	-	-	-	-
2018	-	-	180,000	-	-	-	-
2019	-	-	185,000	-	-	-	-
2020	-	-	190,000	-	-	-	-
2021	-	-	195,000	-	-	-	-
2022	-	-	200,000	-	-	-	-
2023	-	-	200,000	-	-	-	-
2024	-	-	205,000	-	-	-	-
2025	-	-	210,000	-	-	-	-
	<u>\$ 362,598</u>	<u>\$ 112,277</u>	<u>\$ 3,330,000</u>	<u>\$ 70,000</u>	<u>\$ 4,800,000</u>	<u>\$ 600,000</u>	<u>\$ 1,065,000</u>
Interest rates	4.3 - 4.4%	4.88%	2.125%	2.0%	2.0 - 4.1%	4.7 - 5.8%	4.1 - 5.0%
Interest dates	June and December	August	April and October	May and November	May and November	May and November	June and December
Date of original issue	July 28, 1998	February 23, 1999	March 9, 2004	February 18, 2004	November 4, 2003	February 18, 2004	November 1, 1995
Amount of original issue	<u>\$ 1,485,000</u>	<u>\$ 199,926</u>	<u>\$ 3,470,000</u>	<u>\$ 140,000</u>	<u>\$ 5,990,000</u>	<u>\$ 690,000</u>	<u>\$ 2,740,000</u>

City of Marquette, Michigan

**NOTES TO SCHEDULE OF BONDS, NOTES PAYABLE AND CAPITALIZED LEASE
OBLIGATIONS PAYABLE – ENTERPRISE FUNDS**

For the year ended June 30, 2006

- A. The City may pay additional monies to the County of Marquette and may request that such additional funds be used to call bonds for redemption prior to maturity, in which event the County Board of Commissioners would be obligated to apply and use such money for such purposes to the fullest extent possible.
- B. Outstanding bonds are not subject to optional redemption.
- C. Outstanding bonds maturing in the years 2004 to 2007, inclusive, are subject to redemption on January 1, 2004 at 100% of par plus accrued interest. The outstanding bonds maturing in years 2005 to 2016, inclusive, are subject to redemption on May 1, 2004 at 100% of par plus accrued interest.
- D. Outstanding bonds are not subject to optional redemption.
- E. Outstanding bonds maturing prior to June 1, 2004, are not subject to optional redemption prior to maturity. Bonds maturing on or after June 1, 2004, are subject to redemption at the option of the City, in whole or part, in integral multiples of \$5,000, on any date on or after June 1, 2003, at par, plus accrued interest to the redemption date.

City of Marquette, Michigan

**SCHEDULE OF BONDS PAYABLE
COMPONENT UNIT - BOARD OF LIGHT AND POWER ELECTRIC UTILITY FUND**

For the year ended June 30, 2006

	Revenue Bonds Series 2001 (A)	
<u>Maturities</u>		
Year Ending June 30:		
2007	\$	2,695,000
2008		2,790,000
2009		2,700,000
Discount		<u>(41,175)</u>
	\$	<u><u>8,143,825</u></u>
 Interest rates		 4.8 - 5.125%
 Interest dates		 January and July
 Date of original issue		 October 11, 2001
 Amount of original issue	\$	<u><u>21,815,150</u></u>

(A) Bonds maturing in the years 2007 through 2009 are subject to redemption prior to maturity at the option of the City, in such order as the City may determine, and by lot within a single maturity, on any interest payment date on or after July 1, 2006. Bonds called for redemption shall be redeemed at par and accrued interest to the date fixed for redemption. Original issue is less than amount outstanding due to the amortization of the discount in the current year.

City of Marquette, Michigan

COMPONENT UNITS

INDIVIDUAL COMPONENT UNIT STATEMENTS AND SCHEDULES

Component units are used to account for the discretely presented component units which follow governmental or proprietary fund accounting guidelines.

BOARD OF LIGHT AND POWER: To account for the electric utility.

PETER WHITE PUBLIC LIBRARY: To record revenues and expenditures of the Peter White Public Library. Financing is primarily provided through property taxes.

DOWNTOWN DEVELOPMENT AUTHORITY: To record the activities associated with the Downtown Development Authority.

MARQUETTE HOUSING COMMISSION: To record the activities associated with the Marquette Housing Commission.

City of Marquette, Michigan
Board of Light and Power Electric Utility

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,245,006	\$ 3,479,091
Internally designated assets:		
Customer electric rate stabilization fund	1,788,447	1,763,184
Turbine and major generating equipment overhaul fund	997,132	856,923
Replacement-risk retention fund	2,521,381	2,433,503
Improvement fund	733,311	1,737,991
Accounts receivable, net	1,247,951	1,339,446
Inventory	3,011,375	4,266,374
Prepaid expenses	64,399	67,298
TOTAL CURRENT ASSETS	<u>13,609,002</u>	<u>15,943,810</u>
Noncurrent Assets:		
Restricted Assets:		
Bond and interest redemption fund	2,840,988	4,008,062
Bond reserve fund	2,198,000	2,198,000
Pinehill landfill fund	12,715	12,634
Total Restricted Assets	<u>5,051,703</u>	<u>6,218,696</u>
Unamortized bond issuance costs	48,936	72,867
Investment in UPPPA	2,037,550	1,801,085
Property, plant, and equipment	115,317,907	113,361,354
Accumulated depreciation	(76,297,451)	(73,572,948)
TOTAL NONCURRENT ASSETS	<u>46,158,645</u>	<u>47,881,054</u>
TOTAL ASSETS	<u>59,767,647</u>	<u>63,824,864</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	730,892	1,954,588
Accrued liabilities	116,448	138,763
Compensated absences	814,390	793,157
Customer deposits payable	1,345,537	1,319,078
Other current liabilities	40,000	40,000
TOTAL CURRENT LIABILITIES	<u>3,047,267</u>	<u>4,245,586</u>
Current Liabilities (payable from restricted assets):		
Current maturities on revenue bonds	2,695,000	3,805,000
Revenue bond accrued interest payable	145,987	203,062
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	<u>2,840,987</u>	<u>4,008,062</u>
Noncurrent Liabilities:		
Bonds payable	5,448,825	8,123,612
Reserve for turbine and major generating equipment overhaul	997,132	856,923
Postclosure costs-Landfill	572,918	601,655
TOTAL NONCURRENT LIABILITIES	<u>7,018,875</u>	<u>9,582,190</u>
TOTAL LIABILITIES	<u>12,907,129</u>	<u>17,835,838</u>
NET ASSETS		
Invested in capital assets net of related debt	33,571,631	31,664,794
Restricted:		
Other activities	2,210,715	2,210,634
Unrestricted	11,078,172	12,113,598
TOTAL NET ASSETS	<u>\$ 46,860,518</u>	<u>\$ 45,989,026</u>

City of Marquette, Michigan
Board of Light and Power Electric Utility

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2006
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES:		
Electricity Sales:	\$ 12,906,046	\$ 12,214,724
Urban	7,487,151	7,019,772
Rural	854,500	805,367
Sales to Alger-Delta Co-op	704,187	2,891,898
Sales to Wisconsin Electric Power Company	331,017	316,408
Street lighting	705,985	686,200
Other municipal departments	599,764	646,651
Rent and other		
TOTAL OPERATING REVENUES	<u>23,588,650</u>	<u>24,581,020</u>
OPERATING EXPENSES:		
Administrative and general	4,359,864	3,977,282
Production	11,363,952	12,140,131
Purchased power	1,488,238	2,435,030
Distribution and transmission	1,016,294	946,114
Customer accounting	491,914	459,964
Payment in lieu of property taxes - City of Marquette	1,460,884	1,203,013
Provision for depreciation, excluding \$117,050 charged to other operating expenses	3,094,271	3,079,092
TOTAL OPERATING EXPENSES	<u>23,275,417</u>	<u>24,240,626</u>
INCOME FROM OPERATIONS	<u>313,233</u>	<u>340,394</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	726,470	638,058
Delayed payment fees	30,038	31,989
Interest on refunding bonds	(291,975)	(406,125)
Other interest expense	(37,515)	(33,714)
Amortization of bond issuance expense	(44,144)	(62,326)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>382,874</u>	<u>167,882</u>
NET INCOME	<u>696,107</u>	<u>508,276</u>
Capital contributions from customers	175,385	900,266
CHANGE IN NET ASSETS	<u>871,492</u>	<u>1,408,542</u>
Net assets, beginning of year	45,989,026	44,580,484
NET ASSETS, END OF YEAR	<u>\$ 46,860,518</u>	<u>\$ 45,989,026</u>

City of Marquette, Michigan
Board of Light and Power Electric Utility

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 23,680,145	\$ 24,274,984
Cash paid to suppliers and employees	(19,893,045)	(23,504,498)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,787,100</u>	<u>770,486</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(2,466,386)	(2,206,391)
Proceeds from sale of equipment	-	2,156
Principal payment on revenue bonds, notes payable and capital lease obligations	(3,805,000)	(3,705,000)
Capital contributions	175,386	900,266
Interest paid on revenue bonds and notes payable	(349,051)	(457,995)
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,445,051)</u>	<u>(5,466,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	877,973	573,291
Proceeds from maturities and sales of investment securities	4,922,891	3,960,332
Purchase of investments	(3,376,998)	(2,840,542)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>2,423,866</u>	<u>1,693,081</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(234,085)</u>	<u>(3,003,397)</u>
Cash and cash equivalents, beginning of year	<u>3,479,091</u>	<u>6,482,488</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,245,006</u></u>	<u><u>\$ 3,479,091</u></u>
Noncash Investing, Capital and Financing Activities:		
Net appreciation (depreciation) in fair value of investments	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 313,233</u>	<u>\$ 340,394</u>
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	3,211,321	3,191,335
Bad debt expense	2,370	36,012
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	89,125	(342,048)
(Increase) decrease in inventory	1,254,999	(2,668,628)
(Increase) decrease in prepaid expenses	2,899	(563)
Increase (decrease) in accounts payable	(1,223,696)	609,193
Increase (decrease) in accrued wages and related liabilities	(22,315)	14,634
Increase (decrease) in accrued sick and vacation	21,233	(40,452)
Increase in customer deposits, including accrued interest	26,459	40,307
(Decrease) in landfill site postclosure care cost liability	(28,737)	(22,539)
Increase (decrease) in reserve for turbine overhaul	140,209	(387,159)
NET ADJUSTMENTS	<u>3,473,867</u>	<u>430,092</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 3,787,100</u></u>	<u><u>\$ 770,486</u></u>

**City of Marquette, Michigan
Peter White Public Library**

STATEMENT OF NET ASSETS

June 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 164,877
Investments	1,219,416
Taxes receivable, net	1,106,632
Accounts receivable, net	4,736
Prepaid expenses	<u>14,756</u>
TOTAL CURRENT ASSETS	<u>2,510,417</u>
Noncurrent assets:	
Land	114,704
Other capital assets	11,080,564
Accumulated depreciation	<u>(4,673,622)</u>
TOTAL NONCURRENT ASSETS	<u>6,521,646</u>
TOTAL ASSETS	<u>9,032,063</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	37,139
Unearned revenue	1,098,605
Bonds payable - due in one year	<u>410,000</u>
TOTAL CURRENT LIABILITIES	<u>1,545,744</u>
Noncurrent liabilities:	
Bonds payable - due in more than one year	3,375,000
Compensated absences	<u>77,310</u>
TOTAL NONCURRENT LIABILITIES	<u>3,452,310</u>
TOTAL LIABILITIES	<u>4,998,054</u>
NET ASSETS:	
Invested in capital assets, net of related debt	2,736,646
Restricted:	
Retirement of debt	222,047
Endowments	780,760
Unrestricted	<u>294,556</u>
TOTAL NET ASSETS	<u><u>\$ 4,034,009</u></u>

**City of Marquette, Michigan
Peter White Public Library**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2006

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Recreation and culture	\$ 1,869,295	\$ 233,609	\$ 387,754	\$ (1,247,932)
Interest on long-term debt	<u>206,025</u>	<u>-</u>	<u>-</u>	<u>(206,025)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,075,320</u>	<u>\$ 233,609</u>	<u>\$ 387,754</u>	<u>(1,453,957)</u>
General revenues:				
				1,042,399
				90,142
				<u>19,872</u>
				<u>1,152,413</u>
				(301,544)
				<u>4,335,553</u>
				<u>\$ 4,034,009</u>

**City of Marquette, Michigan
Peter White Public Library**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2006

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	1998 Building Authority Debt Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 199,446	\$ 22,365	\$ 4,467	\$ (61,401)	\$ 164,877
Investments	184,789	758,395	-	276,232	1,219,416
Taxes receivable, net	711,784	-	394,848	-	1,106,632
Accounts receivable, net	4,736	-	-	-	4,736
Prepaid expenditures	14,756	-	-	-	14,756
TOTAL ASSETS	\$ 1,115,511	\$ 780,760	\$ 399,315	\$ 214,831	\$ 2,510,417
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 37,139	\$ -	\$ -	\$ -	\$ 37,139
Unearned revenue	706,506	-	392,099	-	1,098,605
TOTAL LIABILITIES	743,645	-	392,099	-	1,135,744
FUND BALANCE:					
Reserved for:					
Retirement of debt	-	-	7,216	214,831	222,047
Endowments	-	780,760	-	-	780,760
Unreserved, reported in:					
General Fund	371,866	-	-	-	371,866
TOTAL FUND BALANCE	371,866	780,760	7,216	214,831	1,374,673
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,115,511	\$ 780,760	\$ 399,315	\$ 214,831	\$ 2,510,417

City of Marquette, Michigan
Peter White Public Library

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2006

Total Fund Balances for Governmental Funds		\$	1,374,673
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds

Cost of capital assets	11,195,268	
Accumulated depreciation	<u>(4,673,622)</u>	
		6,521,646

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds:

Bonds payable	(3,785,000)	
Compensated absences	<u>(77,310)</u>	
		(3,862,310)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

	<u><u>\$</u></u>	<u>4,034,009</u>
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City of Marquette, Michigan
Peter White Public Library

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2006

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	1998 Building Authority Debt Fund	Total Governmental Funds
REVENUES:					
Property taxes	\$ 671,007	\$ -	\$ 371,392	\$ -	\$ 1,042,399
State sources	39,482	-	-	-	39,482
Local sources	313,149	-	-	-	313,149
Charges for services	40,990	-	-	-	40,990
Fines and forfeiture	156,144	-	-	-	156,144
Rentals	36,475	-	-	-	36,475
Contributions from private sources	33,198	-	-	1,925	35,123
Investment income	18,484	45,991	-	25,667	90,142
Other	19,872	-	-	-	19,872
TOTAL REVENUES	1,328,801	45,991	371,392	27,592	1,773,776
EXPENDITURES:					
Recreation and Culture:					
Personnel services	884,868	-	-	-	884,868
Supplies	70,325	-	-	-	70,325
Musical supplies and services	-	-	-	-	-
Other services and charges	299,670	2,331	-	-	302,001
Capital outlay	122,427	-	-	-	122,427
Debt service	-	-	195,000	215,000	410,000
Principal retirement	-	-	172,327	33,698	206,025
Interest and fiscal charges	-	-	-	-	-
TOTAL EXPENDITURES	1,377,290	2,331	367,327	248,698	1,995,646
NET REVENUES OVER EXPENDITURES	(48,489)	43,660	4,065	(221,106)	(221,870)
OTHER FINANCING SOURCE (USES)					
Transfers In	26,875	-	-	-	26,875
Transfers (Out)	-	(26,875)	-	-	(26,875)
TOTAL OTHER FINANCING SOURCES (USES)	26,875	(26,875)	-	-	-
NET CHANGE IN FUND BALANCE	(21,614)	16,785	4,065	(221,106)	(221,870)
Fund balance, beginning of year	393,480	763,975	3,151	435,937	1,596,543
FUND BALANCE, END OF YEAR	\$ 371,866	\$ 780,760	\$ 7,216	\$ 214,831	\$ 1,374,673

**City of Marquette, Michigan
Peter White Public Library**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	(221,870)
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*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$	-	
Depreciation expense		<u>(498,768)</u>	(498,768)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		410,000
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Some expenses such as accrued sick and vacation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		9,094
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>(301,544)</u>
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**City of Marquette, Michigan
Nonmajor Component Units**

COMBINING STATEMENT OF NET ASSETS

June 30, 2006

	<u>Downtown Development Authority</u>	<u>Marquette Housing Commission</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 442,180	\$ 404,968	\$ 847,148
Investments	-	374,298	374,298
Taxes receivable, net	354,013	-	354,013
Accounts receivable, net	7,345	15,665	23,010
Inventory	-	10,509	10,509
Prepaid expenses	-	42,819	42,819
TOTAL CURRENT ASSETS	<u>803,538</u>	<u>848,259</u>	<u>1,651,797</u>
Noncurrent assets:			
Capital assets	2,482,790	10,559,384	13,042,174
Accumulated depreciation	<u>(265,939)</u>	<u>(7,283,539)</u>	<u>(7,549,478)</u>
TOTAL NONCURRENT ASSETS	<u>2,216,851</u>	<u>3,275,845</u>	<u>5,492,696</u>
TOTAL ASSETS	<u>3,020,389</u>	<u>4,124,104</u>	<u>7,144,493</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	366,100	25,886	391,986
Accrued liabilities	4,350	102,876	107,226
Due to primary government	117,442	-	117,442
Unearned revenue	354,013	-	354,013
Bonds payable - due in one year	178,572	-	178,572
Notes payable - due in one year	6,039	11,867	17,906
Other current liabilities	-	28,617	28,617
TOTAL CURRENT LIABILITIES	<u>1,026,516</u>	<u>169,246</u>	<u>1,195,762</u>
Noncurrent liabilities:			
Bonds payable - due in more than one year	678,571	-	678,571
Notes payable - due in more than one year	-	106,154	106,154
Advance from primary government	29,158	-	29,158
Other noncurrent liabilities	-	38,138	38,138
TOTAL NONCURRENT LIABILITIES	<u>707,729</u>	<u>144,292</u>	<u>852,021</u>
TOTAL LIABILITIES	<u>1,734,245</u>	<u>313,538</u>	<u>2,047,783</u>
NET ASSETS:			
Invested in capital assets, net of related debt	1,353,669	3,157,824	4,511,493
Unrestricted	<u>(67,525)</u>	<u>652,742</u>	<u>585,217</u>
TOTAL NET ASSETS	<u>\$ 1,286,144</u>	<u>\$ 3,810,566</u>	<u>\$ 5,096,710</u>

City of Marquette, Michigan
Nonmajor Component Units

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2006

Function / Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Marquette Housing Commission	Total
Governmental Activities:						
Downtown Development Authority	\$ 425,708	\$ 97,989	\$ 161,700	\$ (166,019)	\$ -	\$ (166,019)
Business-type Activities:						
Marquette Housing Commission	1,818,694	467,215	1,097,495	-	(253,984)	(253,984)
TOTAL	\$ 2,244,402	\$ 565,204	\$ 1,259,195	(166,019)	(253,984)	(420,003)
General revenues:						
Property taxes				316,865	-	316,865
Interest and investment earnings				18,000	19,690	37,690
Miscellaneous				4,764	120,763	125,527
TOTAL GENERAL REVENUES				339,629	140,453	480,082
CHANGES IN NET ASSETS				173,610	(113,531)	60,079
Net assets, beginning of year				1,112,534	3,924,097	5,036,631
NET ASSETS, END OF YEAR				\$ 1,286,144	\$ 3,810,566	\$ 5,096,710

City of Marquette, Michigan
Downtown Development Authority

STATEMENT OF NET ASSETS

June 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 442,180
Taxes receivable, net	354,013
Accounts receivable, net	7,345
Other current assets	<u>-</u>
TOTAL CURRENT ASSETS	<u>803,538</u>
Noncurrent assets:	
Capital assets	2,482,790
Accumulated depreciation	<u>(265,939)</u>
TOTAL NONCURRENT ASSETS	<u>2,216,851</u>
TOTAL ASSETS	<u>3,020,389</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	366,100
Accrued wages and related liabilities	4,350
Due to primary government	117,442
Unearned revenue	354,013
Bonds payable - due in one year	178,572
Notes payable - due in one year	6,039
Other current liabilities	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>1,026,516</u>
Noncurrent liabilities:	
Bonds payable - due in more than one year	678,571
Notes payable - due in more than one year	-
Advance from primary government	<u>29,158</u>
TOTAL NONCURRENT LIABILITIES	<u>707,729</u>
TOTAL LIABILITIES	<u>1,734,245</u>
NET ASSETS:	
Invested in capital assets, net of related debt	1,353,669
Unrestricted	<u>(67,525)</u>
TOTAL NET ASSETS	<u>\$ 1,286,144</u>

**City of Marquette, Michigan
Downtown Development Authority**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2006

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 195,385	\$ 250	\$ 161,700	\$ (33,435)
Parking system	194,259	97,738	-	(96,521)
Interest on long-term debt	36,064	-	-	(36,064)
Other governmental	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 425,708</u>	<u>\$ 97,988</u>	<u>\$ 161,700</u>	<u>(166,020)</u>
		General revenues:		
		Property taxes		316,865
		Interest and investment earnings		18,000
		Miscellaneous		<u>4,764</u>
		TOTAL GENERAL REVENUES		<u>339,629</u>
		CHANGES IN NET ASSETS		173,609
		Net assets, beginning of year		<u>1,112,534</u>
		NET ASSETS, END OF YEAR		<u>\$ 1,286,143</u>

**City of Marquette, Michigan
Downtown Development Authority**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2006

	General Fund	Parking System Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 141,586	\$ 12,472	\$ 288,122	\$ -	\$ 442,180
Taxes receivable, net	354,013	-	-	-	354,013
Accounts receivable, net	-	7,345	-	-	7,345
Due from other funds	174,555	-	-	-	174,555
Due from primary government	-	-	-	-	-
Other assets	-	-	-	-	-
TOTAL ASSETS	\$ 670,154	\$ 19,817	\$ 288,122	\$ -	\$ 978,093
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	-	-	21,574	-	21,574
Accrued wages and related liabilities	4,350	-	-	-	4,350
Due to other funds	-	-	174,555	-	174,555
Due to primary government	461,968	-	-	-	461,968
Advance from primary government	29,158	-	-	-	29,158
Unearned revenue	354,013	-	-	-	354,013
Other liabilities	-	-	-	-	-
TOTAL LIABILITIES	849,489	-	196,129	-	1,045,618
FUND BALANCE:					
Reserved for:					
Retirement of debt	-	-	-	-	-
Capital projects	-	-	91,993	-	91,993
Unreserved, reported in:					
General Fund	(179,335)	-	-	-	(179,335)
Special Revenue Fund	-	19,817	-	-	19,817
TOTAL FUND BALANCE	(179,335)	19,817	91,993	-	(67,525)
TOTAL LIABILITIES & FUND BALANCE	\$ 670,154	\$ 19,817	\$ 288,122	\$ -	\$ 978,093

**City of Marquette, Michigan
Downtown Development Authority**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2006

Total Fund Balances for Governmental Funds	\$	(67,525)
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds

	2,482,790	
Cost of capital assets	(265,939)	
Accumulated depreciation	<u>2,216,851</u>	

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		(863,182)
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	<u>\$</u>	<u>1,286,144</u>
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City of Marquette, Michigan
Downtown Development Authority

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2006

	General Fund	Parking System Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Property taxes	\$ 316,865	\$ -	\$ -	\$ -	\$ 316,865
State sources	106,700	-	-	-	106,700
Intergovernmental revenues	55,000	-	-	-	55,000
Charges for services	-	10,582	-	-	10,582
Rentals	250	87,156	-	-	87,406
Community development loans	-	-	-	-	-
Investment income	11,575	-	6,425	-	18,000
Other	4,765	-	-	-	4,765
TOTAL REVENUES	495,155	97,738	6,425	-	599,318
EXPENDITURES:					
Current operations:					
General government	106,539	-	-	-	106,539
Parking system	-	188,143	-	-	188,143
Capital outlay	61,355	3,450	570,982	-	635,787
Debt service					
Principal retirement	11,637	-	-	178,571	190,208
Interest and fiscal charges	668	-	-	35,396	36,064
TOTAL EXPENDITURES	180,199	191,593	570,982	213,967	1,156,741
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	314,956	(93,855)	(564,557)	(213,967)	(557,423)
OTHER FINANCING SOURCES (USES):					
Proceeds on borrowing	-	-	-	-	-
Transfers in	-	80,372	-	213,967	294,339
Transfers out	(294,339)	-	-	-	(294,339)
TOTAL OTHER FINANCING SOURCES (USES)	(294,339)	80,372	-	213,967	-
NET CHANGE IN FUND BALANCE	20,617	(13,483)	(564,557)	-	(557,423)
Fund balance, beginning of year	(199,952)	33,300	656,550	-	489,898
FUND BALANCE, END OF YEAR	\$ (179,335)	\$ 19,817	\$ 91,993	\$ -	\$ (67,525)

**City of Marquette, Michigan
Downtown Development Authority**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ (557,423)
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*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	635,787	
Depreciation expense	<u>94,962</u>	540,825

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	190,208
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 173,610</u></u>
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**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF NET ASSETS

June 30, 2006

	<u>2006</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 404,968
Accounts receivable, net	15,665
Investments	374,298
Prepaid expenses	42,819
Inventory	<u>10,509</u>
TOTAL CURRENT ASSETS	<u>848,259</u>
Noncurrent Assets:	
Capital assets	10,559,384
Accumulated depreciation	<u>(7,283,539)</u>
TOTAL NONCURRENT ASSETS	<u>3,275,845</u>
TOTAL ASSETS	<u>4,124,104</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	25,886
Accrued liabilities	102,876
Compensated absences	28,617
Notes payable	<u>11,867</u>
TOTAL CURRENT LIABILITIES	<u>169,246</u>
Noncurrent Liabilities:	
Notes payable	106,154
Compensated absences	<u>38,138</u>
TOTAL NONCURRENT LIABILITIES	<u>144,292</u>
TOTAL LIABILITIES	<u>313,538</u>
NET ASSETS	
Invested in capital assets net of related debt	3,157,824
Unrestricted	<u>652,742</u>
TOTAL NET ASSETS	<u>\$ 3,810,566</u>

**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2006

<u>Function / Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Business-Type Activities</u>
Business-type Activities:				
Public Housing	\$ 1,818,694	\$ 467,215	\$ 1,097,495	\$ (253,984)
TOTAL	<u>\$ 1,818,694</u>	<u>\$ 467,215</u>	<u>\$ 1,097,495</u>	<u>(253,984)</u>
		General revenues:		
		Unrestricted investment earnings		19,690
		Other		120,763
		TOTAL GENERAL REVENUES		<u>140,453</u>
		CHANGES IN NET ASSETS		<u>(113,531)</u>
		Net assets, beginning of year		<u>3,924,097</u>
		NET ASSETS, END OF YEAR		<u>\$ 3,810,566</u>

**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2006

	<u>2006</u>
OPERATING REVENUES:	
Tenant revenue	\$ 467,215
Program grants - subsidies	1,097,495
Other income	<u>121,561</u>
TOTAL OPERATING REVENUES	<u>1,686,271</u>
OPERATING EXPENSES:	
Administrative and general	394,994
Tenant services	2,599
Utilities	276,351
Maintenance	461,567
General	81,831
Housing assistance payments	148,789
Other expenses	25,000
Provision for depreciation	<u>427,730</u>
TOTAL OPERATING EXPENSES	<u>1,818,861</u>
LOSS FROM OPERATIONS	<u>(132,590)</u>
NONOPERATING REVENUES (EXPENSES):	
Investment income	19,690
(Loss) on sale of capital assets	<u>(631)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>19,059</u>
CHANGE IN NET ASSETS	<u>(113,531)</u>
Net assets, beginning of year	<u>3,924,097</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,810,566</u></u>

**City of Marquette, Michigan
Marquette Housing Commission**

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2006

	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 465,857
Cash received from grants and subsidies	1,087,574
Cash payments to suppliers for goods and services	(800,019)
Cash payments for wages and related benefits	(605,689)
Payment in lieu of taxes	(12,917)
Other receipts	<u>121,394</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>256,200</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(377,846)
Proceeds from new debt	<u>118,021</u>
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(259,825)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	19,690
Purchase of investments	<u>(7,748)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>11,942</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	8,317
 Cash and cash equivalents, beginning of year	<u>396,651</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 404,968</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	<u><u>\$ (132,590)</u></u>
 Adjustments to reconcile income to net cash provided by operating activities:	
Depreciation	427,730
Changes in assets and liabilities:	
(Increase) in accounts receivable	(11,279)
Decrease in inventory	7,281
(Increase) in prepaid expenses	(42,819)
Increase in accounts payable	1,148
Increase in accrued liabilities	6,729
NET ADJUSTMENTS	<u>388,790</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 256,200</u></u>

City of Marquette, Michigan

STATISTICAL INFORMATION

This part of the City of Marquette's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	188-195
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	196-199
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	200-205
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	206-207
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	208-210

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Marquette, Michigan
Net Assets by Component
Last Four Fiscal Years

	Fiscal Year			
	2006	2005	2004	2003
Governmental Activities				
Invested in capital assets, net of related debt	\$ 32,827,042	\$ 20,668,811	\$ 17,517,503	\$ 19,624,856
Restricted	548,317	528,637	-	-
Unrestricted	7,175,565	4,893,099	7,897,006	5,279,577
Total Governmental Activities Net Assets	<u>\$ 40,550,924</u>	<u>\$ 26,090,547</u>	<u>\$ 25,414,509</u>	<u>\$ 24,904,433</u>
Business-Type Activities				
Investment capital assets, net of related debt	\$ 32,258,682	\$ 28,448,328	\$ 27,558,113	\$ 25,035,733
Restricted	1,951,234	1,929,883	2,134,176	2,275,947
Unrestricted	5,339,506	8,722,650	8,979,306	10,863,385
Total Business-Type Activities	<u>\$ 39,549,422</u>	<u>\$ 39,100,861</u>	<u>\$ 38,671,595</u>	<u>\$ 38,175,065</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 65,085,724	\$ 49,117,139	\$ 45,075,616	\$ 44,660,589
Restricted	2,499,551	2,458,520	2,134,176	2,275,947
Unrestricted	12,515,071	13,615,749	16,876,312	16,142,962
Total Primary Government Net Assets	<u>\$ 80,100,346</u>	<u>\$ 65,191,408</u>	<u>\$ 64,086,104</u>	<u>\$ 63,079,498</u>

City of Marquette, Michigan
Changes in Net Assets
Last Four Fiscal Years

	Fiscal Year			
	2006	2005	2004	2003
Expenses				
Governmental Activities				
General government	\$ 2,994,081	\$ 2,919,314	\$ 3,749,652	\$ 3,186,717
Public health & Safety	4,919,863	4,680,206	4,649,016	4,208,180
Public works	3,546,425	2,843,875	2,850,031	2,689,183
Highway and streets	1,738,087	2,582,962	2,604,467	2,245,852
Social services	511,948	503,334	840,683	371,076
Sanitation	1,210,914	1,528,524	1,148,170	1,168,005
Recreation and Culture	1,302,717	1,316,150	1,398,509	1,164,311
Interest on long-term debt	845,767	504,304	458,058	490,149
Depreciation - unallocated	1,912,853	857,165	875,141	713,961
Total Governmental Activities Expenses	<u>18,982,655</u>	<u>17,735,834</u>	<u>18,573,727</u>	<u>16,237,434</u>
Business-Type Activities				
Water supply and sewage disposal	6,339,831	5,895,101	5,449,460	5,438,937
Storm water utility	866,257	680,791	692,413	926,614
Marina	374,433	364,786	416,614	385,734
Intermodal transportation terminal	86,003	156,177	173,272	181,272
Total Business-Type Activities Expenses	<u>7,666,524</u>	<u>7,096,855</u>	<u>6,731,759</u>	<u>6,932,557</u>
Total Primary Government Expenses	<u>\$ 26,649,179</u>	<u>\$ 24,832,689</u>	<u>\$ 25,305,486</u>	<u>\$ 23,169,991</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General government	\$ 1,176,083	\$ 1,254,826	\$ 1,087,850	\$ 1,025,179
Public health	202,388	183,381	108,808	106,143
Public works	1,102,852	1,370,220	1,027,142	625,711
Sanitation	1,157,631	2,065,969	1,112,255	946,345
Recreation and culture	809,727	803,526	739,130	719,708
Operating grants and contributions	5,446,027	2,185,688	2,873,580	2,109,042
Capital grants and contributions	647,205	265,770	1,795,016	1,283,881
Total Governmental Activities Program Revenues	<u>10,541,913</u>	<u>8,129,380</u>	<u>8,743,781</u>	<u>6,816,009</u>
Business-Type Activities				
Charges for Services				
Water supply and sewage disposal	5,914,730	5,726,868	5,680,134	5,712,063
Storm water utility	709,859	649,034	660,058	663,542
Marina	281,296	258,940	252,099	235,782
Intermodal transportation terminal	35,531	63,963	145,992	131,283
Operating grants and contributions	\$ 9,000	\$ 173,320	\$ 536	\$ -
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>6,950,416</u>	<u>6,872,125</u>	<u>6,738,819</u>	<u>6,742,670</u>
Total Primary Government Program Revenues	<u>\$ 17,492,329</u>	<u>\$ 15,001,505</u>	<u>\$ 15,482,600</u>	<u>\$ 13,558,679</u>
Net (Expense) Revenue				
Governmental Activities	\$ (8,440,742)	\$ (9,606,454)	\$ (9,829,946)	\$ (9,421,425)
Business-Type Activities	(716,108)	(224,730)	7,060	(189,887)
Total Primary Government Net Expense	<u>\$ (9,156,850)</u>	<u>\$ (9,831,184)</u>	<u>\$ (9,822,886)</u>	<u>\$ (9,611,312)</u>

(Continued)

City of Marquette, Michigan
Changes in Net Assets
Last Four Fiscal Years

		Fiscal Year			
		2006	2005	2004	2003
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes					
Property taxes	\$	7,155,812	\$ 6,305,971	\$ 5,955,861	\$ 5,801,421
Payments in lieu of taxes		2,353,273	2,053,758	2,027,879	2,085,024
Unrestricted state sources		2,234,285	2,185,248	2,264,254	2,653,565
Investment earnings		255,506	88,521	(97,837)	269,968
Miscellaneous		133,747	69,510	428,449	298,153
Transfers		(842,977)	(420,516)	(228,117)	(111,379)
Extraordinary item - Flood Costs		-	-	(10,467)	(288,255)
Total Governmental Activities		<u>11,289,646</u>	<u>10,282,492</u>	<u>10,340,022</u>	<u>10,708,497</u>
Business-Type Activities					
Investment earnings		230,576	233,480	263,458	376,037
Miscellaneous		91,116	-	(2,105)	(52,407)
Transfers		842,977	420,516	228,117	111,379
Total Business-Type Activities		<u>1,164,669</u>	<u>653,996</u>	<u>489,470</u>	<u>435,009</u>
Total Primary Government		<u>\$ 12,454,315</u>	<u>\$ 10,936,488</u>	<u>\$ 10,829,492</u>	<u>\$ 11,143,506</u>
Change in Net Assets					
Governmental activities	\$	2,848,904	\$ 676,038	\$ 510,076	\$ 1,287,072
Business-type activities	\$	448,561	429,266	496,530	245,122
Total Primary Government	\$	<u>3,297,465</u>	<u>\$ 1,105,304</u>	<u>\$ 1,006,606</u>	<u>\$ 1,532,194</u>

City of Marquette, Michigan
Fund Balances, Governmental Funds
Last Two Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved	\$ 507,146	\$ 639,116	\$ 1,377,892	\$ 479,435	\$ 2,618,243	\$ 756,223	\$ 1,041,556	\$ 916,250	\$ 872,099	\$ 1,450,122
Unreserved	3,858,518	3,501,239	2,657,563	3,216,679	2,734,442	5,134,198	3,578,665	3,191,853	2,927,772	1,550,541
Total General Fund	<u>\$ 4,365,664</u>	<u>\$ 4,140,355</u>	<u>\$ 4,035,455</u>	<u>\$ 3,696,114</u>	<u>\$ 5,352,685</u>	<u>\$ 5,890,521</u>	<u>\$ 4,620,221</u>	<u>\$ 4,108,103</u>	<u>\$ 3,799,871</u>	<u>\$ 3,000,663</u>
All Other Governmental Funds										
Reserved	\$ 1,005,637	\$ 1,374,127	\$ 3,576,886	\$ 528,217	\$ 1,006,840	\$ 9,460,616	\$ 10,107,356	\$ 8,794,757	\$ 1,299,767	\$ 1,275,043
Unreserved, reported in:										
Special revenue funds	2,689,965	42,347	338,184	49,777	37,967	(33,198)	(28,565)	117,615	189,649	102,313
Capital projects funds	-	-	-	-	-	-	-	355,407	1,098,485	73,956
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,695,602</u>	<u>\$ 1,416,474</u>	<u>\$ 3,915,070</u>	<u>\$ 577,994</u>	<u>\$ 1,044,807</u>	<u>\$ 9,427,418</u>	<u>\$ 10,078,791</u>	<u>\$ 9,267,779</u>	<u>\$ 2,587,901</u>	<u>\$ 1,451,312</u>

City of Marquette, Michigan
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Taxes	\$ 9,509,085	\$ 8,359,729	\$ 7,983,740	\$ 7,886,445	\$ 7,753,738	\$ 7,842,491	\$ 7,772,253	\$ 7,433,236	\$ 7,200,466	\$ 7,009,559
Federal and state sources	7,990,533	4,284,731	6,143,936	5,451,549	5,915,467	5,254,885	4,612,827	5,002,412	4,537,938	4,573,319
Fines and penalties	95,917	137,572	136,538	138,538	139,794	118,463	117,874	129,537	129,537	116,887
Charges for services	4,350,929	4,998,815	3,920,203	3,267,018	3,073,992	2,977,625	2,910,359	2,952,656	2,910,028	3,384,584
Special assessments	89,813	63,506	66,143	104,534	92,978	209,115	22,584	72,095	102,505	94,927
Intergovernmental	143,489	128,399	156,009	134,616	132,768	112,827	80,764	92,247	74,965	75,999
Investment earnings	255,506	88,521	(97,837)	269,968	736,734	775,413	320,230	316,899	392,443	340,184
Other revenues	275,689	284,229	726,773	380,277	195,638	(75,848)	2,309,148	2,366,072	1,698,685	520,640
Total Revenues	22,710,961	18,345,502	19,035,505	17,632,945	18,041,109	17,214,971	18,146,039	18,348,857	17,055,567	16,116,099
Expenditures										
General government	3,032,209	3,143,668	3,633,875	3,336,036	4,573,200	4,462,727	4,532,944	4,055,673	3,398,493	3,863,559
Public health and safety	4,902,040	4,734,456	4,500,789	4,528,147	3,357,199	3,164,445	3,618,956	3,976,852	3,145,362	2,966,158
Public works	2,946,331	7,983,219	2,709,344	3,324,287	4,933,970	2,092,375	1,727,003	1,825,822	1,200,597	1,251,500
Highway and streets	2,247,944	2,520,487	2,330,711	2,336,198	2,282,025	2,658,072	2,109,105	2,419,365	2,149,558	2,731,951
Social services	511,948	503,334	840,683	371,076	234,628	206,248	216,714	207,519	186,272	188,928
Sanitation	1,191,959	1,516,946	1,144,322	1,188,362	942,994	961,665	964,944	760,419	743,064	1,136,841
Recreation and culture	1,302,717	1,316,150	1,159,649	1,353,954	1,368,774	1,151,646	997,649	1,545,653	1,299,097	1,419,840
Capital outlay	1,835,300	2,605,104	3,186,792	1,214,746	536,311	413,537	1,651,886	1,494,160	1,881,683	1,231,520
Other expenditures	-	-	-	-	-	377,111	366,080	585,440	259,880	-
Special Assessments	-	-	-	-	24,920	149,272	240,568	-	-	-
Debt Service	-	-	24,847	48,726	-	-	-	-	-	-
Interest	855,638	499,388	362,232	390,166	398,150	427,128	414,722	524,662	619,480	661,595
Principal	918,575	874,138	627,229	604,042	537,424	810,673	566,280	802,086	583,150	609,724
Total Expenditures	19,744,661	25,696,890	20,520,473	18,695,740	19,189,595	16,874,899	17,406,851	18,197,651	15,466,636	16,061,616
Excess of revenues over (under) expenditures	2,966,300	(7,351,388)	(1,484,968)	(1,062,795)	(1,148,486)	340,072	739,188	151,206	1,588,931	54,483
Other Financing Sources (Uses)										
Proceeds from borrowing	-	5,000,000	5,178,100	-	367,859	-	200,000	2,480,000	5,945,000	-
Proceeds from refunding	-	-	-	-	-	-	-	(2,280,000)	(4,790,820)	-
Payments to escrow agent	-	-	-	-	-	-	-	(200,000)	(154,180)	-
Transfers in	3,324,148	2,228,797	3,059,119	5,244,319	2,152,539	2,213,803	2,928,071	3,172,826	3,185,619	2,975,085
Transfers out	(3,786,011)	(2,271,105)	(2,907,308)	(5,000,766)	(1,895,274)	(1,956,970)	(2,562,309)	(2,803,139)	(2,780,804)	(2,570,340)
Extraordinary item - Flood Costs	-	-	(168,526)	(796,580)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(461,863)	4,957,692	5,161,385	(553,027)	625,124	256,833	565,762	369,687	1,404,815	404,745
Net change in fund balances	\$ 2,504,437	\$ (2,393,696)	\$ 3,676,417	\$ (1,615,822)	\$ (523,362)	\$ 596,905	\$ 1,304,950	\$ 520,893	\$ 2,993,746	\$ 459,228
Debt Service as a Percentage of Non-capital Expenditures	9.91%	5.95%	5.71%	5.69%	5.02%	7.52%	6.23%	7.94%	8.85%	8.57%

TABLE 5

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS (A)

LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	\$ 3,658,309	\$ 3,352,136	\$ 4,019,929	\$ 4,473,871	\$ 4,327,289	\$ 4,566,586	\$ 3,336,036	\$ 2,928,666	\$ 3,143,230	\$ 3,032,209
Public Health and Safety	4,207,277	3,133,514	3,969,561	3,854,755	3,307,314	3,376,236	4,576,873	4,500,789	4,734,456	4,902,040
Highways, Streets and Bridges	2,731,951	3,350,155	4,245,187	3,826,384	4,748,300	7,215,054	5,660,485	5,040,055	10,503,706	5,194,275
Sanitation	1,136,841	743,064	760,419	964,944	961,665	942,994	1,188,362	1,144,322	1,516,946	1,191,959
Social Services	181,043	179,473	192,333	189,906	185,010	217,496	371,076	840,683	503,334	511,948
Recreation and Culture	1,402,413	1,271,127	1,533,890	985,256	1,142,973	1,364,479	1,353,954	1,159,649	1,316,150	1,302,717
Capital Outlay	1,215,166	1,881,450	646,227	1,434,054	413,537	536,311	251,007	274	69,390	40,497
Debt Service	760,064	692,320	721,295	368,281	633,678	426,866	485,220	481,845	484,231	486,078
TOTALS	\$ 15,293,064	\$ 14,603,239	\$ 16,088,841	\$ 16,097,451	\$ 15,719,766	\$ 18,646,022	\$ 17,223,013	\$ 16,096,283	\$ 22,271,443	\$ 16,661,723

(A) Includes General and Special Revenue Funds

City of Marquette, Michigan

TABLE 6

GENERAL REVENUES BY SOURCES (A)

LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Property Taxes	\$ 5,093,363	\$ 5,222,963	\$ 5,337,013	\$ 5,637,496	\$ 5,731,848	\$ 5,653,404	\$ 5,801,421	\$ 5,955,861	\$ 6,305,971	\$ 7,155,812
Payments in lieu of property taxes	1,916,196	1,977,503	2,096,223	2,134,757	2,110,643	2,100,334	2,083,024	2,027,879	2,053,758	2,353,273
Slate and Federal sources	4,573,319	4,537,938	5,002,412	4,616,701	5,254,885	5,915,467	5,367,545	5,012,952	4,252,731	7,442,771
Intergovernmental revenue	75,999	74,965	92,247	79,759	112,827	132,768	134,616	156,009	128,399	143,489
Licenses and permits	15,984	15,346	19,042	17,949	18,552	17,779	17,069	18,543	36,243	28,250
Charges for services	2,460,689	2,023,314	2,003,932	2,077,295	2,152,686	2,311,854	2,410,279	3,091,139	4,060,366	3,411,545
Sales	171,668	174,368	178,356	142,009	143,853	172,578	183,290	176,336	166,466	173,771
Use and admission fees	525,185	496,914	534,937	528,473	490,420	446,142	502,252	496,419	592,834	580,624
Fines and forfeits	116,887	129,537	113,240	117,874	118,463	139,794	138,538	136,538	137,572	95,917
Rentals	209,286	207,545	214,773	142,818	172,114	125,639	120,937	123,816	126,317	135,111
Special assessments	80,029	86,117	72,095	22,584	209,115	92,978	104,534	66,143	63,506	89,813
Sale of assets	77,821	101,783	103,934	4,409	3,106	14,134	68,464	3,743	11,721	908
Contribution from private sources	32,967	47,959	65,690	29,043	45,500	94,829	95,321	21,500	21,915	107,630
Reimbursements	42,167	13,453	9,234	7,838	27,545	30,575	20,580	20,433	40,090	53,771
Investment income	324,226	383,220	310,245	309,371	775,369	736,734	255,826	(128,122)	21,945	172,377
Other revenue	59,666	14,959	219,409	523,321	30,232	17,141	63,912	117,391	53,029	113,380
TOTAL	\$ 15,775,452	\$ 15,507,884	\$ 16,372,782	\$ 16,391,697	\$ 17,397,158	\$ 18,002,150	\$ 17,369,608	\$ 17,296,580	\$ 18,072,863	\$ 22,058,442

(A) Includes General and Special Revenue Funds

City of Marquette, Michigan
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Residential Property		Commercial Property		Industrial Property		Less: Tax Exempt Property		Total Taxable Assessed Value		Total Non-homestead Tax Rate
1997	\$	367,319,400	\$	696,873,200	\$	191,749,000	\$	540,000,000	\$	715,941,600	51.4645
1998		387,741,800		710,834,000		189,743,000		550,000,000		738,318,800	52.4645
1999		405,804,000		765,042,200		189,705,000		600,000,000		760,551,200	52.9245
2000		422,472,800		805,199,200		189,647,800		630,000,000		787,319,800	52.3896
2001		445,150,600		816,953,800		189,142,200		640,000,000		811,246,600	52.3904
2002		464,986,000		835,304,526		195,691,400		654,000,000		841,981,926	51.5246
2003		490,583,800		871,054,400		194,428,600		660,000,000		896,066,800	50.2004
2004		518,825,918		919,595,096		200,286,600		670,000,000		968,707,614	51.3095
2005		599,036,634		893,544,328		198,964,000		669,738,800		1,021,806,162	52.2010
2006		677,157,600		942,051,800		201,124,600		671,612,000		1,148,722,000	52.5148

Source: City of Marquette Assessor's Department.

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to 5% of true cash value. Tax rates are per \$1,000 of taxable value.

City of Marquette, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	City District Rates				(A)		(B)	
	General Fund	Library Fund	Debt Service Funds	Total Direct	Overlapping Rates*		County of Marquette	Total
					Public School District	Marquette Area		
1997	\$ 13.630	\$ 1.418	\$ -	\$ 15.048	\$ 10.100	\$ 9.816	\$ 9.816	\$ 34.964
1998	13.630	1.418	-	\$ 15.048	8.600	9.816	9.816	\$ 33.464
1999	13.630	1.418	1.000	\$ 16.048	8.600	9.816	9.816	\$ 34.464
2000	14.130	1.418	0.960	\$ 16.508	8.600	9.816	9.816	\$ 34.924
2001	13.630	1.418	0.950	\$ 15.998	8.600	9.792	9.792	\$ 34.390
2002	13.630	1.418	0.950	\$ 15.998	8.600	9.792	9.792	\$ 34.390
2003	13.630	1.418	0.900	\$ 15.948	7.800	9.777	9.777	\$ 33.525
2004	13.630	1.418	0.850	\$ 15.898	6.600	9.703	9.703	\$ 32.201
2005	13.710	1.418	0.820	\$ 15.948	7.600	9.762	9.762	\$ 33.310
2006	14.710	1.413	0.800	\$ 16.923	7.600	9.678	9.678	\$ 34.201

Source: City of Marquette Treasurer's Department.

Note: Rates for debt service are set based on each year's requirements.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Marquette.

(A) - Includes Debt Service

(B) - Includes Intermediate School District, Special Education, County Wide Transit, and County Medical Facility.

City of Marquette, Michigan
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 98,123,100	1	16.10%	\$ 99,697,700	1	27.39%
Marquette Medical Dental Center	10,190,463	2	1.67%	6,890,491	2	1.89%
O'Dovero Properties	4,364,502	3	0.72%	3,646,855	3	1.00%
Tourville Inc.	3,948,800	4	0.65%	3,459,344	4	0.95%
HJ Larson & Associates, Inc.	3,855,256	5	0.63%	3,171,846	5	0.87%
Shopko Stores, Inc.	2,850,800	6	0.47%	2,434,386	7	0.67%
Centrup Properties, LLC	2,679,502	7	0.44%	-	-	-
Marquette Golf & Country Club	2,605,392	8	0.43%	-	-	-
Marquette General Hospital	2,354,824	9	0.39%	-	-	-
Dagnais Real Estate Inc.	2,198,904	10	0.36%	2,826,351	6	0.78%
MFC First National Bank	-	-	-	2,256,809	8	0.62%
Woodview Village	-	-	-	2,161,722	9	0.59%
Rosemary Tourville	-	-	-	1,948,563	10	0.54%
Total	\$ 133,171,543		21.86%	\$ 128,494,067		35.30%

Source: City of Marquette Assessor's Department.

City of Marquette, Michigan

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	5,316,031	5,306,018	99.81%	9,903	5,315,921	99.99%
1998	5,478,127	5,463,511	99.73%	10,965	5,474,476	99.93%
(A) 1999	5,989,211	5,987,933	99.98%	44,673	6,032,606	100.72%
2000	6,295,517	6,295,517	100.00%	6,590	6,302,107	100.10%
2001	6,299,792	6,299,792	100.00%	9,455	6,309,247	100.15%
2002	6,550,764	6,550,764	100.00%	20,482	6,571,246	100.31%
2003	6,741,644	6,741,644	100.00%	7,616	6,749,260	100.11%
2004	6,903,752	6,903,752	100.00%	15,704	6,919,456	100.23%
2005	7,259,943	7,259,943	100.00%	5,722	7,265,665	100.08%
2006	8,075,509	8,075,509	100.00%	34,008	8,109,517	100.42%

(A) Beginning in Fiscal Year 1999 County stopped charging back for unpaid real estate taxes.

Source: Marquette City Treasurer's Department.

City of Marquette, Michigan
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a	
	General Obligation Bonds	Installment Purchase	Building Authority Bonds	Transportation		State Infrastructure Bank Note	Water & Sewer Bonds		Marina Bond		Storm Water Bond					Intermodal Transportation Note
				Bonds	Bonds		Bonds	Bonds	Bonds	Bonds	Bonds	Bonds				
1997	\$ 167,538	\$ 462,315	\$ 5,160,000	\$ 3,516,029	\$ -	\$ 9,909,234	\$ 1,000,000	\$ 2,740,000	\$ 148,645	\$ 23,103,761	251510.57%	\$ 49,758,851				
1998	159,161	384,153	6,490,000	3,180,521	-	9,580,652	1,000,000	2,590,000	96,953	23,481,440	255622.03%	51,888,717				
1999	149,986	268,733	6,170,000	3,020,000	-	9,259,233	955,000	2,435,000	44,934	22,302,886	242792.14%	52,382,404				
2000	140,014	432,081	5,860,000	2,810,000	-	8,954,732	910,000	2,270,000	38,804	21,415,631	102496.56%	22,872,107				
2001	129,244	200,000	5,540,000	2,560,000	-	8,416,529	865,000	2,095,000	-	19,805,773	89187.07%	20,582,592				
2002	117,676	552,004	5,300,000	2,290,000	-	7,838,700	815,000	1,910,000	-	18,823,380	83562.91%	19,436,732				
2003	104,911	495,727	5,050,000	2,005,000	-	7,231,311	765,000	1,715,000	-	17,366,949	75080.84%	18,484,903				
2004	4,025,949	437,460	4,790,000	1,710,000	1,243,100	10,340,544	745,000	1,510,000	-	24,802,053	107224.30%	27,530,911				
2005	8,875,791	376,353	4,520,000	1,400,000	1,160,227	9,585,037	670,000	1,295,000	-	27,882,408	115593.91%	29,679,893				
2006	8,709,037	312,404	4,240,000	1,075,000	1,077,354	8,809,610	600,000	1,065,000	-	25,888,405	100827.25%	25,888,405				

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a See Table 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Marquette, Michigan
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding	Percentage of Taxable Assessed Value ^a of Property	Per Capita ^b
	General Obligation Bonds		
1997	\$ 9,305,882	1.30%	\$ 419.26
1998	\$ 10,213,835	1.38%	\$ 460.17
1999	\$ 9,608,719	1.26%	\$ 501.84
2000	\$ 9,242,095	1.17%	\$ 470.72
2001	\$ 8,429,244	1.04%	\$ 428.73
2002	\$ 8,259,680	0.98%	\$ 398.75
2003	\$ 7,655,638	0.85%	\$ 372.59
2004	\$ 12,206,509	1.26%	\$ 589.57
2005	\$ 16,332,371	1.60%	\$ 790.38
2006	\$ 15,413,795	1.34%	\$ 748.93

Note: Detail regarding the city's outstanding debt can be found in the notes to financial statements.

^a See Table 7 for property value data.

^b Population data can be found in Table 16.

City of Marquette, Michigan
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
City of Marquette	\$ 14,103,795	100.00%	\$ 14,103,795
County School District	9,245,000	62.31%	5,760,560
County of Marquette	3,156,500	29.28%	924,223
Other Debt			
Transportation Bonds	1,075,000	100.00%	1,075,000
Building Authority - Arena	235,000	100.00%	235,000
Library Improvements	3,785,000	100.00%	3,785,000
Tax Increment Bonds - DDA	863,182	100.00%	863,182
Total Direct and Overlapping Debt			\$ 26,746,760

Sources: Assessed value data used to estimate applicable percentages provided by the Marquette County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marquette. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Marquette, Michigan
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Debt Limit	\$ 50,273,175	\$ 47,722,369	\$ 45,523,480	\$ 43,426,154	\$ 42,272,394	\$ 40,471,374	\$ 39,378,376	\$ 38,135,925	\$ 37,320,377	\$ 36,404,102
Total net debt applicable to limit	18,927,940	20,658,944	16,936,500	12,768,085	13,549,680	14,049,244	15,208,717	15,871,128	16,360,912	9,451,371
Legal Debt Margin	\$ 31,345,235	\$ 27,063,425	\$ 28,586,980	\$ 30,658,069	\$ 28,722,714	\$ 26,422,130	\$ 24,169,659	\$ 22,264,797	\$ 20,959,465	\$ 26,952,731
Total net debt applicable to the limit as a percentage of debt limit	37.65%	43.29%	37.20%	29.40%	32.05%	34.71%	38.62%	41.62%	43.84%	25.96%

Note: Under state finance law, the city's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

City of Marquette, Michigan
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water Supply and Sewage Disposal Bonds					Marina Bonds						
	Gross Revenue (1)	Less: Operating Expenses	Net Revenue Available for		Coverage	Gross Revenue (2)	Less: Operating Expenses	Net Revenue Available for		Coverage		
			Debt Service	Principal				Debt Service	Principal		Interest	
1997	\$ 6,249,542	\$ 3,990,562	\$ 2,258,980	\$ 140,000	\$ 524,149	3.40	\$ 182,055	\$ 251,935	\$ (69,880)	\$ -	\$ 55,858	(1.25)
1998	6,481,627	4,044,177	2,437,450	260,000	487,083	3.26	198,884	263,458	(64,574)	-	55,858	(1.16)
1999	6,616,857	4,450,133	2,166,724	285,000	472,163	2.86	211,548	266,986	(55,438)	45,000	54,770	(0.56)
2000	6,574,762	4,620,270	1,954,492	410,000	455,881	2.26	244,170	261,038	(16,868)	45,000	52,610	(0.17)
2001	6,049,251	4,950,437	1,098,814	440,000	433,023	1.26	278,081	372,188	(94,107)	45,000	50,371	(0.99)
2002	5,824,445	4,855,728	968,717	460,000	408,551	1.12	610,856	298,055	312,801	50,000	47,936	3.19
2003	6,004,114	4,966,469	1,037,645	485,000	380,898	1.20	238,680	340,892	(102,212)	50,000	44,842	(1.08)
2004	5,885,421	5,155,256	730,165	125,000	282,576	1.79	254,110	381,534	(127,424)	55,000	33,883	(1.43)
2005	5,898,264	5,610,137	288,127	197,933	197,933	0.35	264,061	337,750	(73,689)	75,000	19,300	(0.78)
2006	6,044,127	6,025,785	18,342	630,000	185,565	0.02	293,346	351,866	(58,520)	70,000	17,900	(0.67)

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

- (1) Total operating revenues including interest.
- (2) Total operating revenues include interest and an operating grant.
- (3) Total operating revenues including interest and excluding grants.
- (4) Total operating revenues including interest, and delayed payment fees beginning in 1997.
- (5) Total operating expenses excluding payment in lieu of taxes.
- (6) 1993 Series Bond Issue - Called October 11, 2001.

(Continued)

City of Marquette, Michigan
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Storm water Utility Bonds					Electric Utility Bonds				
	Gross Revenue (3)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Less: Operating Expenses	Gross Revenue	Net Revenue Available for Debt Service	Debt Service	
				Principal	Interest				Principal	Interest
1997	\$ 1,059,320	\$ 236,320	\$ 823,000	\$ -	\$ 129,340	\$ 11,340,208	\$ 18,058,421	\$ 6,718,213	\$ 1,825,000	\$ 1,799,190
1998	1,070,182	269,298	800,884	150,000	129,340	11,907,312	18,693,923	6,786,611	1,825,000	1,711,590
1999	873,227	300,301	572,926	155,000	123,190	12,005,104	20,594,729	8,589,625	2,530,000	1,623,990
2000	1,021,413	318,016	703,397	165,000	116,680	13,619,680	20,684,893	7,065,213	2,725,000	1,502,550
2001	875,726	350,192	525,534	175,000	109,585	14,269,046	21,959,339	7,690,293	2,850,000	1,371,750
2002	751,114	435,175	315,939	185,000	101,885	13,777,615	21,790,621	8,013,006	2,850,000	1,104,864
2003	744,630	833,054	(88,424)	195,000	93,560	17,496,805	25,474,342	7,977,537	24,320,000 (6)	604,628
2004	716,049	608,570	107,479	205,000	83,843	16,765,002	24,235,182	7,470,180	3,610,000	509,865
2005	697,959	607,499	90,460	230,000	64,635	19,958,521	25,251,067	5,292,546	3,705,000	349,050
2006	714,865	801,622	(86,757)	230,000	53,250	18,720,262	24,345,158	5,624,896	3,805,000	406,125

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

- (1) Total operating revenues including interest.
- (2) Total operating revenues include interest and an operating grant.
- (3) Total operating revenues including interest and excluding grants.
- (4) Total operating revenues including interest, and delayed payment fees beginning in 1997.
- (5) Total operating expenses excluding payment in lieu of taxes.
- (6) 1993 Series Bond Issue - Called October 11, 2001.

City of Marquette, Michigan
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level In Years of Schooling	School Enrollment	Unemployment Rate
1997	22,196	\$ 9,186	\$ 19,784	29.1	12.8	4,509	6.1
1998	22,196	9,186	20,299	29.1	12.8	4,425	4.8
1999	19,147	9,186	21,575	29.1	12.8	4,387	4
2000	19,634	20,894	22,315	29.1	12.8	4,221	4.7
2001	19,661	22,207	23,078	30.6	12.8	4,072	4.6
2002	20,714	22,526	23,260	30.6	12.8	3,894	6
2003	20,547	23,131	24,620	30.6	12.8	3,742	6.2
2004	20,704	23,131	25,676	30.6	12.8	3,660	5.1
2005	20,664	24,121	25,676	30.6	12.8	3,573	6.1
2006	20,581	25,676	25,676	30.6	12.8	3,470	5.5

Sources: Population, personal income, and per capita income provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

Median age provided by the U.S. Bureau of Census.

Education and school enrollment provided by from Marquette-Alger Regional Education Service Agency.

Unemployment provided from the Michigan Employment Security Commission.

City of Marquette, Michigan
Principal Employers
Current Year and Nine Years Ago

Taxpayer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Marquette General Health Systems	2,398	1	6.99%	1,857	1	5.82%
Cleveland Cliffs	1,300	2	3.79%			
Northern Michigan University	1,155	3	3.37%	400	6	1.25%
Peninsula Medical Center	630	4	1.84%			
Westwood Mall Merchants	500	5	1.46%			
Marquette Area Public School District	425	6	1.24%	455	4	1.43%
Michigan Department of Corrections	425	7	1.24%			
Bell Memorial Health System	335	8	0.98%	300	7	0.94%
County of Marquette	283	9	0.83%			
AMR Regional Aircraft Maintenance Facility	225	10	0.66%			
Wal-mart Stores Inc.				400	5	1.25%
Empire Iron Mining Partnership				1,000	2	3.13%
Tilden Mining Co				900	3	2.82%
American Eagle Airlines Inc.				250	8	0.78%
Gwinn Area Community School District				245	9	0.77%
Ojibwa Casino II				235	10	0.74%
Total	7,676		22.38%	3,012		18.94%

Source: U.S. Census, Michigan Economic Development Corporation, and Michigan Department of Labor and Economic Growth provided on a county wide basis.

City of Marquette, Michigan
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government										
Administration Services	21	23	23	26	23	22	20	22	20	20
Public Health and Safety										
Police Officers	39	41	41	41	42	42	42	40	41	41
Firefighters and Officers	25	26	26	25	25	27	26	26	24	24
Public Works	35	37	39	40	38	36	36	37	37	37
Highway and Streets	6	8	9	9	8	7	7	8	8	8
Social Services	4	5	4	5	5	5	5	5	5	5
Recreation and Culture	6	7	7	8	7	7	8	8	7	7
Storm Water	1	1	1	1	1	1	-	-	-	-
Motor Pool	9	10	10	10	10	10	10	10	10	10
Water	15	17	16	16	17	17	17	17	17	17
Wastewater	8	9	10	10	10	10	10	10	10	10
Library	14	14	14	15	14	15	14	15	11	11
Total	183	198	200	206	200	199	195	198	190	190

Source: City Budget Office

City of Marquette, Michigan
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police										
Physical arrests	1	1	1	1	1	1	1	1	1	1
Parking violations	1	1	1	1	1	1	1	1	1	1
Traffic violations	1	1	1	1	1	1	1	1	1	1
Fire										
Emergency responses	540	535	603	450	503	474				
Fires extinguished	29	32	34	32	39	24				
Inspections	841	127	167	213	203	154				
Refuse collection										
Refuse collected (tons per day)	31.8	53.2	86.9	37.8	19.7	35.0				
Other public works										
Street resurfacing (miles)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Potholes repaired	1	1	1	1	1	1	1	1	1	1
Parks and recreation										
Total Campers	10,202	9,243	8,196	8,119	9,769	10,677	7,932			
Beach Attendance	34,381	41,498	22,133	37,679	28,629	30,697				
Library										
Volumes in collection	200,000	195,406	191,711	183,314	174,916	161,356	160,617	152,703	142,000	136,000
Total volumes borrowed	335,008	300,443	328,216	328,360	322,194					
Water										
Consumers	5,697	5,683	5,589	5,575	5,684	5,756	5,744	5,771	5,779	5,708
Water mains breaks										
Average daily consumption (millions of gallons)	2.93	3.41	2.92	3.06	2.92	2.94	3.08	3.15	3.90	2.93
Wastewater										
Average daily sewage treatment (millions of gallons)	3.30	3.29	3.39	3.53	3.35	3.38	3.54	3.65	3.55	3.35

Source: Various City Departments

City of Marquette, Michigan
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public works										
Streets (miles)	99.0	98.0	98.0	97.0	85.4	85.4	85.4	85.4	84.6	84.6
Streetlights	2,358	2,358	2,349	2,354	2,387	2,386	2,402	2,372	2,384	2,396
Parks and recreation										
Parks	19	19	18	18	18	18	18	18	17	17
Playfields	13	13	13	13	13	11	11	11	7	7
Marina	2	2	2	2	2	2	2	2	2	2
Camping Spaces	110	110	110	110	110	110	110	110	110	110
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	96.5	96.5	93.5	91.0	90.0	89.8	89.7	89.3	89.0	88.6
Wastewater										
Sanitary sewers (miles)	93.0	93.0	89.5	88.7	88.7	88.5	88.5	88.4	81.4	81.2
Storm sewers (miles)	59.0	59.0	56.0	50.0	47.5	47.4	47.3	47.3	34.4	34.1

Source: Various City Departments



ANDERSON, TACKMAN & COMPANY, P.L.C.

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MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

December 8, 2006

To the Honorable Mayor, Members of the
City Commission, and the City Manager
City of Marquette, Michigan 49855

In planning and performing our audit of the financial statements of the City of Marquette for the year ended June 30, 2006, we considered its internal accounting control structure for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. The following comments are not reportable conditions as defined by the AICPA but are management points for which we feel consideration should also be given.

Instance of Noncompliance

Uniform Budgeting and Accounting Act (P.A. 621)

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. The major provisions of P.A. 621 are as follows:

1. Local Units of government must adopt a budget.
2. The budget, including accrued deficits and available unappropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless the debt is permitted by law.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures shall be filed with the State Treasurer and reported to the Attorney General.

In the following instances, the City was found to be in violation of the legal and contractual provisions of Public Act 621. Excesses of expenditures over appropriations were noted in the following governmental funds:

MSHDA Homeowner Repair Fund:	
Community Development	\$4,036
Lakeview Arena:	
Recreation and Culture	\$11,513

To the Honorable Mayor, Members of the
City Commission, and the City Manager

Fund Balance Deficit

At June 30, 2006 the following fund reported a fund balance deficit:

Component Unit	
Downtown Development Authority – General Fund	\$179,355

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The following comments are management points for which we feel consideration should also be given.

Fixed Asset Accounting and Reporting

In reviewing the fixed asset module we noted some inconsistencies in the reporting of certain assets relative to depreciable cost, estimated useful life and group classifications. Although these were not significant in relation to the total assets of the City we suggest a detail review be conducted of the individual assets to assure more uniformity in recording and reporting. It appeared this was the result of the initial creation of the fixed assets on the new software.

With the implementation of GASB 34 relative to infrastructure we recommend these values be placed on the system and depreciated in a fashion similar to other assets acquired.

Lakeview Arena Internal Controls

This year we extended our audit procedures to one of the City's off-site cash locations at Lakeview Area. We had noticed several transmittals to the City Treasurer in which overages and shortages were present with no underlying documentation or resolution. Based on that activity we conducted a cash count and a review of the cash receipting and transmittal procedures. Our review confirmed that the offsite location's procedures need to be improved and strengthened to assist in mitigating any possible misuse or misappropriation of the City's funds. We would be available to assist in this project should you so desire.

GASB No. 45 Other Postemployment Benefits

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

To the Honorable Mayor, Members of the
City Commission, and the City Manager

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This report is intended solely for the information and use of the City's management, and others within the City Administration.

We appreciate and would like to thank the City's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLC
Certified Public Accountants



ANDERSON, TACKMAN & COMPANY, P.L.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor, Members of the
City Commission and City Manager
City of Marquette, Michigan

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component units, major funds, and remaining fund information, which collectively comprise the basic financial statements of the City of Marquette, Michigan as of and for the year ended June 30, 2006, and have issued our report thereon December 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We did not audit the financial statements of the Board of Light and Power, a component unit of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Light and Power was based solely on the report of other auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marquette's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* which are described in a separate letter to management, dated December 8, 2006.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Marquette's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Honorable Mayor, Members of the
City Commission and City Manager
City of Marquette, Michigan

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the City Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants

December 8, 2006